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INVESTMENT STRATEGIES

Volume 42

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2019 was always expected to be volatile, but no-one really believed that double-digit returns would be possible in a contracting global economy. However, investors were once again rewarded for staying invested (especially those invested in the NZX). Coronavirus (COVID-19) has now changed all that, and you can expect much more volatility for some time yet. However, one year on, I expect markets will have recovered, and long-term investors (like your Kiwisaver providers) will benefit from staying invested.

NZ50 GROSS INDEX (ONE-YR GRAPH)

INVESTORS REMAIN UNCERTAIN ABOUT COVID-19

Equity markets endured a material pullback in late February as the scale of the COVID-19 outbreak continued to grow and its knock-on impacts on tourism, supply chains and consumer demand became increasingly apparent. While Jarden remains cautious at this juncture with potential for increased short-term volatility, they do reduce cash in their portfolios and invest in names where they are seeing better value or an opportunity to reduce or rebalance risk. Significant opportunity may lie in the medium term where they expect a globally coordinated fiscal and monetary policy response to support markets.

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STATISTICS NZ DATA

Estimated population at 4-Mar-2020:	4,967,597
Births less Deaths Sept-19 year:	24,945
Net long-term migration Nov-19 year: (non NZers)	50,241
NZ Citizens – Net Loss Nov-19 year:	- 8,762
Visitor arrivals Annual Oct-19 (↑81,532)	3,903,109
Employment	
Unemployment rate Dec-19 qtr (↓0.1%)	4.0%
Jobs growth Dec-19 year	0.9%
Average Hourly Wage Dec-19 year (↑3.6%)	$32.76
Ave Weekly Earnings Dec-19 year (↑3.6%)	$1,272.12
Wages growth Dec-19 year (↑0.1%)	2.6%
Wages growth (Private sector only)	1.8%
Employed population Dec-19 qtr (↑1,000)	2,648,000
People not in workforce Dec-19 qtr↑	1,177,000
Consumer Price Index Dec-19 year (↑0.4%)	1.9%
The size of the NZ Economy Jun-19 year:	$300 bn
GDP per person Sept-19 year:	$62,594
GDP per capita Sept-19 year:	1.0%
GDP Growth (volume) Dec-19 year:	2.3%

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LOCAL GOVERNMENT

ARE DOUBLE-DIGIT RATE RISES INEVITABLE?

Before Tauranga City Councillors rush to hit their residents in the pocket, they should first make sure that they have maximised council's efficiency and effectiveness. Local Government has generally become bloated, applying a "cost-plus" mentality.

Locally, our Mayor might think that blaming past councilors will allow him to "*ride in as the white knight*" and justify a double-digit rate increase. For me, that should be the last resort, not a knee-jerk reaction to this funding crisis. Tauranga City should be working through their problems behind closed doors, and asking staff to justify everything. They should start with "zero budgeting" and this includes justifying staff levels.

After the hard questions have been answered, then the solution might be a substantive rate rise – but don't panic our community until you have actually done the hard yards.

POPULATION GROWTH IN OUR METRO CITIES

Population	2018	2013	2006	2006 to 2018	12-yr growth	Annual Growth
Tauranga	136,713	114,783	103,872	32,841	31.6%	2.6%
Hamilton	160,911	141,612	129,588	31,323	24.2%	2.0%
Wellington	201,786	190,104	178,695	23,091	12.9%	1.1%
Christchurch	358,062	330,645	337,392	20,670	6.1%	0.5%
Dunedin	99,885	95,901	95,502	4,383	4.6%	0.4%
Auckland	1,699,900	1,493,200	1,415,550	284,350	20.1%	1.7%

LOCAL GOVERNMENT'S INFRASTRUCTURE UNDERSPEND IS HURTING NZ INC

Ratepayers think councils are heavily indebted and can't borrow any more. But ratings agency S&P says councils are well-managed, higher-rated than their peers overseas, and can easily handle the debt.

New Zealand councils are improving their debt ratings faster than anywhere else, according to S&P, contrary to the perceptions of ratepayers and mayors who regularly argue they cannot borrow more for infrastructure.

For decades our councils have underinvested by billions of dollars in vital infrastructure, putting off spending on 'dull and largely unseen' things like drainage pipes until the last minute.

Wellington is one of the first cities to feel the fallout, with its harbour having been polluted by sewage, and its streets are now a sea of cones and contractors as it replaces failing pipes.

Auckland is no better, with regular sewerage spills into its harbour. Tauranga City is a bit different, having spent 100's of millions on sewerage and underground infrastructure. However, most of this infrastructure spend has been for new subdivisions, and our downtown pipes have largely been neglected.

The ratings agency issued credit ratings for 23 of our councils, just a couple of weeks ago, in a report entitled "*New Zealand Councils Can Carry Growing Debt*". Collectively those 23 councils account for the bulk of local government debt.

S&P Global Ratings credit analyst Anthony Walker says that high-debt councils that had borrowed heavily in previous years for infrastructure were paying off those debts.

... councils have the ability to carry large debts because they also had the ability to ramp up rates.

Councils with large debts in the pipeline would pay them off with expected population and economic growth, he said. "*We've had more positive rating actions in New Zealand than we would have had in any other country in the last six years because the financial positions of councils are getting much stronger*," Walker said.

"*That's kind of lost amongst investors and some New Zealand councils*," pointing out that putting an AA rating on a council means it has a rating equivalent to New Zealand's sovereign rating as well as to that of the United Kingdom. "*New Zealand is the only country in the world where councils could sustain "AA" credit ratings for councils with debts at 200% of revenue*," he said.

Walker said councils had that ability to carry large debts because they also had the ability to ramp up rates. "*For that reason debt levels were less of a factor in judging the creditworthiness of councils than the strength of a region's economy*," he said.

That's not what ratepayers and many councils think.

RATINGS SCORE SNAPSHOT

Government	Foreign- and local-currency issuer credit ratings	Economy	Financial management	Budgetary performance	Liquidity	Debt burden
Auckland Council	AA/Stable/A-1+	1	1	4	1	5
Bay of Plenty Regional Council	AA/Stable/A-1+	3	1	2	1	5
Christchurch City Council	AA-/Stable/A-1+	1	2	4	2	5
Dunedin City Council	AA/Stable/A-1+	2	2	4	3	4
Greater Wellington Regional Council	AA/Positive/A-1+	1	1	2	1	4
Hastings District Council	AA/Stable/A-1+	3	2	3	2	4
Horowhenua District Council	A+/Stable/A-1	3	2	4	3	4
Hutt City Council	AA/Stable/A-1+	2	2	4	2	4
Kapiti Coast District Council	AA/Stable/A-1+	3	2	1	1	5
Marlborough District Council	AA/Positive/A-1+	3	1	2	2	2
Nelson City Council	AA/Stable/A-1+	3	2	1	2	3
New Plymouth District Council	AA/Positive/A-1+	2	2	2	1	3
Palmerston North City Council	AA/Positive/A-1+	2	2	2	2	4
Porirua City Council	AA/Stable/A-1+	2	2	2	1	3

South Taranaki District Council	AA-/Positive/A-1+	3	2	2	1	5
Tasman District Council	AA/Stable/A-1+	3	2	2	2	5
Taupo District Council	AA/Positive/A-1+	2	1	1	1	5
Tauranga City Council	AA-/Stable/A-1+	2	2	3	3	4
Waimakariri District Council	AA/Stable/A-1+	2	2	3	3	4
Wellington City Council	AA/Positive/A-1+	1	1	3	2	4
Western Bay of Plenty District Council	AA/Positive/A-1+	3	2	1	1	4
Whanganui District Council	AA/Stable/A-1+	3	2	1	1	4
Whangarei District Council	AA/Positive/A-1+	3	1	2	1	4

As Of Feb. 17, 2020.

SMALL COUNCILS, BIG PROBLEMS

Two types of councils were more exposed to risk according to S&P's assessment. Councils in regions with economies exposed to particular industries could see their revenue reduced if there was an economic downturn affecting the key industry. For example, three Bay of Plenty councils could be heavily affected by a kiwifruit market downturn, and a downturn in domestic tourism would leave Taupo District Council similarly exposed.

The same applied to councils in Hastings and Marlborough, who are vulnerable to a downturn in horticulture. Councils in the Taranaki region are vulnerable to downturns in the oil, gas and dairy industries. The second type of council more exposed to risk are smaller, rural councils with low population growth, an ageing population and lower income levels, Walker said.

OUR POLITICAL CLIMATE

ELECTORAL UNCERTAINTY

The upcoming election adds another layer of uncertainty to our economic outlook. The outcome will affect short-run economic activity, with three possible outcomes, including a return of the current left-wing coalition, a Labour/Green government that goes even further left, or a National/ACT government that will be unashamedly centre-right. One thing is sure, this will be a very tight election, and voters will need to think hard before trying to be crafty. My view is that if you want to get rid of this "all spin, no action" Peters controlled government, then the only way you will do it is to Party Vote for National. Any other vote will risk more pain going forward.

WHAT HAPPENED TO OUR NUCLEAR-FREE MOMENT?

Jacinda Ardern launched her campaign in 2017 with the claim that climate change was "my generation's nuclear-free moment." It was always an ambitious piece of rhetoric and now, after two-and-a-half years of retreat after retreat on climate policy, the promise seems a good PR line and little more. Jacinda hung her hat on the "freebate EV scheme" – now dumped… Out of 15,766 vehicles the Government owns, just 82 of them are electric. Another 754 are hybrid. Since the last quarter, the fleet has added four electric vehicles, 240 hybrids and 49 fossil fuel vehicles.

Benefit increases - Main benefits will increase by over 3%, instead of 1.66%, on 1 April as a result of the Government's decision to annually adjust benefit rates to increases in the average wage. Again, the spin flows. "*This is the largest increase outside of one-off adjustments in nine years*," said Minister for Social Development, Carmel Sepuloni**.** The problem is the hard-working New Zealanders will have to pay for this. Remember all government spending has to be paid by the tax-payer. Money doesn't grow on trees, despite Labour seeming to think it does.

The only way to improve our economy is to increase effectiveness and efficiency. Moving the deck-chairs wouldn't have saved the Titanic!

$12 BILLION INFRASTRUCTURE SPEND ALL SPIN

The announcement of Labour's $12 billion infrastructure package was certainly brave, and well stage-managed, but it is not clear if it will have any significant impact on the standing of the major parties.

What is clear is that voters will see very little in practical terms from this package this side of the election. That in itself raises a problem for Labour. Its record to date in terms of progressing major developments (think Kiwibuild, think Auckland light rail) in a timely and competent fashion has been appalling. So, it can't be relied upon to deliver this infrastructure package in anything like the ten-year time frame it announced?

The bottom line is that this announcement was "all spin", with no expectation that they can deliver. Voters aren't as silly as Labour seems to think.

NZ FIRST FOUNDATION ABSOLUTELY DUBIOUS

Recent revelations about the byzantine operations of NZ First's Foundation are more extraordinary and dubious as each new detail is revealed. Although it is not yet clear whether any electoral law has been breached by these unusual and highly convoluted practices, nevertheless, the damage arises less from the detail and more from the perception that something shifty has been going on to get around the law, and that will impact on the party's credibility as a reliable and trustworthy player.

Remember that this is not the first time NZ First has had murky funding issues – in 2008 the party's leader was found to be in contempt of Parliament over funding non-disclosures, leading to NZ First losing all its seats in that year's election. Disclosure now of the names of some those who have donated to the current Foundation may scare some of them off from doing so again, or more likely, leave new potential donors less keen to do so. Either way, this is not good for NZ First. Oh – so sad!

NZ FIRST'S FOUNDATION IS NOTHING LIKE NATIONAL'S

Winston repeatedly claims that the NZ First Foundation is based on the National Party Foundation and operates just like it, so nothing to see here. This lie is wrong is so many regards, I thought it would be useful to document all the ways it is wrong.

All donations to the National Party Foundation are treated as donations to the National Party for electoral law purposes and disclosed as party donations. The NZF Foundation donations were not.

The National Party Foundation's purpose is to build up a capital fund, own the building National HQ is in, and produce future income for National. It is not to secretly pay day to day expenses of the party. In fact, the National Foundation has never spent a cent, as far as I know. The NZF Foundation however was paying day to day expenses on behalf of NZF including sending MPs to the races.

No donations intended for the National Party (including its campaign funding) are siphoned off into the Foundation without the knowledge of the donor. NZF donors had their donations put into the NZF Foundation without their knowledge.

The National Foundation is transparent and well known with a website here. Major donors are no secret – they are listed on the wall of National House. NZF Foundation donors were apparently even hidden from the NZF Board and President and Treasurer.

The National Foundation is under the control of the National Party and chaired by the Party President. The NZF Foundation is not under their board's control and many board members claim they know nothing about it.

The 1st bolded point is the key one. And this is the point on which the Electoral Commission has concluded NZ First has broken the law by not declaring donations. But the other points are salient also. Apart from the fact they are both called foundations, they are like chalk and cheese in terms of how they operate.

The Serious Fraud Office has announced that they have launched an investigation into the NZ First Foundation. Tick tock.

THE IHUMĀTAO DEBACLE

The lingering sense of unresolved wider frustration on all sides of the Ihumātao debate could yet have a bigger influence on the political year ahead and the election than any of the other factors currently being considered.

It is a widely held belief that Labour has cut a deal whereby you and I give the Auckland Council money to buy Ihumātao off Fletchers. The fact it's using our money to extricate itself from a problem that's only its problem because the Prime Minister waded into an area she didn't understand, is of course a scandal.

This will be unlikely to reflect well on Ardern. It's appears that protesters can do what they like, and a Labour Government will just end up buckling.

The latest is that now Heritage NZ has had another look at the land at Ihumātao, and thinks it's more important than it was originally, and have now moved it from Heritage 2 status to Heritage 1. It has done this by using its hocus pocus approach of thinking about it differently, and taking into account things that is quite different from its original decision.

GOVT PROJECTING GROSS GREENHOUSE GAS EMISSIONS TO RISE UNDER LABOUR

New Zealand will emit a million more tonnes of greenhouse gases in 2020 than previously forecast, new figures from the Ministry for the Environment show.

The 2019 edition of the biennial climate change report, mandated by the United Nations Framework Convention on Climate Change, contains new projections with a gloomier outlook for the country's greenhouse emissions. While the 2017 report had forecast 79.96 million tonnes of gross CO2 equivalent emissions in 2020, the new numbers predict 80.93 million tonnes for this year.

"The report says the two big drivers of emissions growth in New Zealand are land transport and the dairy sector," Russel Norman, executive director of Greenpeace Aotearoa New Zealand, told Newsroom. "*The Government has virtually no policy to reduce emissions from the transport sector and nothing to reduce emissions from the agriculture sector – nothing regulatory or price-wise. It's hardly surprising that we're not making progress*."

The Government is good at talking the talk but once again very bad at walking the walk.

ELECTRIC VEHICLE UPTAKE

What's the impact of this differential treatment? Utes made up more than 22% of the 154,479 motor vehicles sold new in New Zealand last year. More than 65% of all commercial-style vehicles sold new in the country last year were double cab utes. Meanwhile, for the same period, just 1,881 electric vehicles were sold new - 1.2% of the total.

If you listen to the media, a green automotive future has arrived and a tsunami of electric cars are outselling petrol and diesel around the world, transforming the planet and solving climate change. We need a reality check. Battery-powered electric vehicles are fairly popular in urban China and California, as well as a few countries that subsidise their drivers heavily. But globally, fewer than 0.3% of all cars are pure electric, and across Europe, BMW says customers just don't want to go EV.

NUMBERS SHOW GOVERNMENT HASN'T MOVED THE DIAL ON INCOME INEQUALITY AT ALL

Brian Fallow reports in the NZ Herald:

Data out recently on household incomes and housing costs make uncomfortable reading for both the Government and the Opposition. A centre-left Government should not be happy that in the year to June 2019 — its first full year in office — it has not moved the dial on income inequality at all.

A standard measure of inequality, called the Gini coefficient, at 33.9 is as bad as it has been at any time in National's last nine years in power and higher than it was before the global financial crisis.

Another indicator of inequality is the 80/20 ratio. When households are ranked by disposable (after-tax) income, a household at the 80th percentile (20 per cent down from the top) has an income 2.7 times that of one 20 per cent up from the bottom. That ratio is unchanged from the previous two years. It has been in the 2.6-2.8 range for at least the past 12 years.

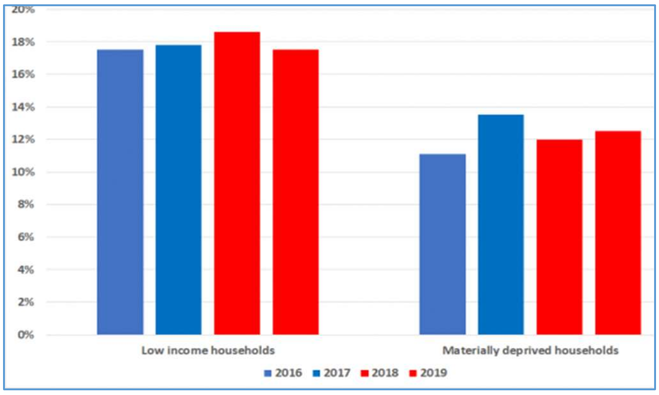
And to complete the trifecta, 17.5% of households fall below a standard poverty line, where their incomes after tax and housing costs are less than half the national median income by that measure. That is not much of an improvement on the average 18% over the previous nine years.

Given the abundant evidence from elsewhere in the world that neglecting inequality leads to some pretty toxic and stupid politics, these results should focus the minds of a Government approaching an election-year Budget with a low level of public debt and the ability to borrow at little more than 1% interest.

FAMILIES PACKAGE NOT TRANSFORMATIONAL

Labour claimed their family's package would be transformational and make a huge difference to poverty. Data just out shows the number of households in "poverty" (low income) is the same in 2019 as it was in 2016, and the number of households that are materially deprived is higher in 2019 than 2016. Basically, the changes between 2018 and 2019 are of the same magnitude as occurs most years.

POVERTY AS MEASURED BY STATS NZ



NZ FIRST BEGINS TO FLEX AGAINST LABOUR

NZ First has noticed it is below five percent in the polls and has just recently started to flex its oppositional tendencies. It has pivoted on two key issues likely to raise its profile again with potential voters in the provinces. Firstly, NZ First claimed credit for stalling the Labour-Green plan for a feebate scheme that sees double-cab ute drivers pay extra so electric car drivers can be subsidised. National called it a car tax and claimed credit for it stalling.

Also, Ron Mark indicated New Zealand First may move away from supporting proposals for gun reforms.

LIGHT RAIL ANOTHER DISASTER FOR LABOUR

The NZ Super Fund-led consortium has denied its public-private-partnership (PPP) plan for Auckland light rail would cost massively more than a simpler Government-built and owned version. Infometrics Economist Brad Olsen said the Government was playing a "*money-go-round*" with attempts to take debt off the Crown books through special purpose vehicles and PPPs.

Cabinet is expected make a decision this year (yeah right) on two Auckland light rail proposals - one from the New Zealand Transport Agency, the second a joint proposal by the NZ Superannuation Fund and Caisse de dépôt et placement du Québec (CDPQ) Infra, a wholly owned subsidiary of a Canadian pension fund.

Whatever the outcome, this project that Ardern promised before the last election, that it would be completed by 2021, is now unlikely to even start in 2021. Another example of all spin, and no action.

"Jacinda Ardern must stop 'displaying all the backbone of a spineless jellyfish' and remind Winston Peters who's boss." John Armstrong

The Annual TDB Advisory Report on Iwi investment believes that Iwi are not maximising returns for its members. In this latest report, TDB Advisory states that Iwi are too reliant on investments in property and primary industries, restricting returns for their members. This report concentrates on the eight Iwi with the highest net worth. The country's eight largest iwi with a collective $9 billion worth of assets, had weak growth in the 2019 year. Six of the iwi reported lower returns, while only two, Ngāpuhi and Tūhoe, reported gains, albeit of less than 2%.

Overall, 2019 was not a strong year for the eight iwi covered in this report, with none of the iwi achieving TDB's benchmark 10% return for the year. Four of the iwi (Ngati Whatua Orakei, Raukawa, Tuhoe and Waikato-Tainui) reported returns of 5% or higher, while two iwi, Ngai Tahu and Ngati Awa, only just achieved a positive return for the year.

CHANGE IN NET ASSETS PER MEMBER & NET WORTH

Eight Richest Iwi	Ngai Tahu	Waikato-Tainui	Ngati Whatua Orakei	Tuhoe	Ngati Porou	Raukawa	Ngapuhi without a settlement	Ngati Awa
Population	65,000	76,102	5,062	39,340	80,111	11,335	141621	14,708
Net assets per member ($)								
2013	16,838	12,638	186,786	3,811	2,615	8,999	398	7,747
2014	20,207	13,104	204,133	7,068	2,600	9,600	392	8,046
2015	21,143	13,492	219,165	8,158	2,715	12,018	394	8,132
2016	22,947	13,841	281,423	8,764	2,663	12,410	399	8,217
2017	23,440	14,839	332,379	9,108	2,741	13,135	410	8,140
2018	27,091	15,422	210,429	9,322	2,842	14,139	416	8,585
2019	24,792	16,370	192,540	9,691	2,856	14,832	423	7,376
Av Annual growth (last 5-yrs)	4.3%	4.6%	-2.9%	8.0%	1.1%	6.3%	1.5%	-2.0%
Net Worth ($m)								
2019	1,611	1,246	975	381	229	168	60	123

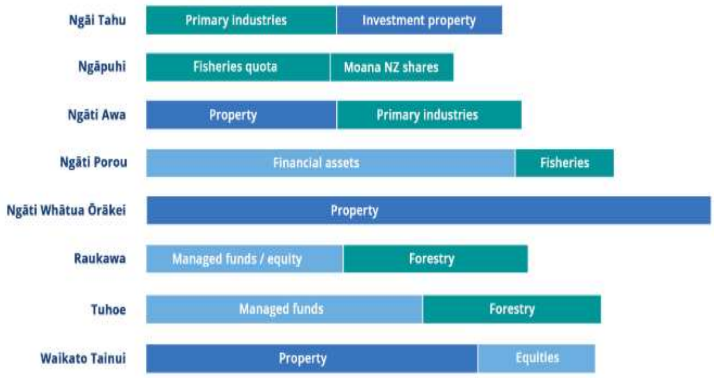
"*They like to aim for what they call low-to-medium risk, but I think for some of them, if they looked really hard at their portfolio, they might find it is actually more risky than they would ideally like*," TDB Advisory director Philip Barry said. "*It does come back to diversification - they are typically quite exposed to a few sectors*."

TREATY SETTLEMENTS

Since 1990, around 80 Iwi in New Zealand have finalised Treaty settlements with the Crown.

Iwi	Year of deed	Redress amount ($m)	Iwi	Year of deed	Redress amount ($m)
Ngāti Hinerangi	2019	8.1	Ngāti Manuhiri	2011	9
Te Patukirikiri	2018	3	Ngāti Mākino	2011	10
Ngāti Rangi	2018	17	Maraeroa A and B Block Settlement	2011	2
Ngāti Hei	2017	9	Ngāi Tamanuhiri	2011	11
Ngāti Tūwharetoa	2017	78	Ngāti Porou	2010	90
Ngāti Tamaoho	2017	10	Ngāti Pāhauwera	2010	20
Te Wairoa	2016	100	Rangitāne o Wairau (Kurahaupō)	2010	25
Ahuriri Hapū	2016	20	Ngāti Apa ki te Rā Tō (Kurahaupō)	2010	28
Rāngitane o Wairarapa-Tamaki Nui-ā-Rua	2016	33	Ngāti Kuia (Kurahaupo)	2010	24
Ngatikahu ki Whangaroa	2015	6	Ngāti Maniapoto (Waipa River)	2010	n/a
Rangitāne o Manawatū	2015	14	Ngāti Tūwharetoa (River interests)	2010	n/a
Ngāi Tai ki Tāmaki	2015	13	Upper Waikato River Iwi	2010	n/a
Heretaunga Tamatea	2015	105	Ngāti Raukawa (River)	2009	n/a
Taranaki Iwi	2015	70	Waikato Tainui (River claim)	2009	n/a
Ngāti Hineuru	2015	25	Ngāti Manawa	2009	12
Tauranga Moana Iwi Collective	2015	0.3	Ngāti Whare	2009	10
Whanganui River	2014	81	Whanganui On-Account	2009	n/a
Te Ātiawa (Taranaki)	2014	87	Ngāti Apa (North Island)	2008	16
Ngāruahine	2014	68	Waikato Tainui (River claim)	2008	n/a
Te Kawerau ā Maki	2014	7	Taranaki Whānui ki te Upoko o te Ika	2008	25
Ngāti Kuri	2014	21	Central North Island Collective	2008	15
Ngāi Te Rangi	2013	30	Affiliate Te Arawa Iwi/Hapū	2008	39
Ngāti Hauā	2013	13	Affiliate Te Arawa Iwi/Hapū	2006	n/a
Ngāti Rangiteaorere	2013	1	Te Roroa	2005	10
Ngāi Tūhoe	2013	169	Ngāti Mutunga (Taranaki)	2005	15
Maungaharuru Tangitū Hapū	2013	23	Te Arawa Lakes	2004	3
Ngāti Tama ki Te Tau Ihu	2013	12	Ngaa Rauru Kiitahi	2003	31
Ngāti Rarua	2013	12	Ngāti Tūwharetoa (BOP)	2003	11
Ngāti Pūkenga	2013	7	Ngāti Awa	2003	43
Ngāti Koata	2012	12	Ngāti Tama	2001	15
Te Atiawa o Te Waka-a-Maui	2012	12	Ngāti Ruanui	2001	41
Ngāti Koroki Kahukura	2012	3	Te Uri o Hau	2000	16
Ngāti Rangiwewehi	2012	6	Pouakani	1999	2
Tapuika	2012	6	Turangitukua	1998	5
Ngāti Toa Rangātira	2012	71	Ngāi Tahu	1997	170
Te Rarawa	2012	34	Rotomā	1996	0
Ngāi Takoto	2012	21	Te Maunga	1996	0.1
Tāmaki Makaurau Collective	2012	n/a	Waimakuku	1995	0.4
Ngāti Ranginui	2012	38	Waikato Tainui Raupatu	1995	170
Ngāti Raukawa	2012	50	Hauai	1993	1
Te Aupōuri	2012	21	Ngāti Rangiteaorere	1993	1
Ngāti Whātua Ōrākei	2011	18	Ngāti Whakaue	1993	5
Rongowhakaata	2011	22	Fisheries Claim Settlement	1992	170
Waitaha	2011	8	Waitomo	1990	n/a
Ngāti Whātua o Kaipara	2011	22	**Source**: Office of Treaty Settlements		

Ngāi Tahu, Ngāpuhi, Ngāti Awa, Ngāti Whātua Ōrākei and Waikato-Tainui were invested in mostly property and primary industries, including fishing or forestry. Ngāti Porou, Raukawa, and Tūhoe invested mostly in managed funds, while all of the iwi had taken steps to invest in public or private companies. "*While some of these recent investments are yet to provide high returns, some appear to offer promising opportunities for iwi to increase their returns and asset bases in the future*," the TDB Advisory Report said.



NEW ZEALAND BIGGEST LOSER IN INNOVATION RANKINGS

2020 Bloomberg Innovation Index

2020 Rank	2019 Rank	YoY Change	Economy	Total Score	R&D Intensity	Manufacturing Value-added	Productivity	High-tech Density	Tertiary Efficiency	Researcher Concentration	Patent Activity
1	2	+1	Germany	88.21	8	4	18	3	26	11	3
2	1	-1	S. Korea	88.16	2	3	29	4	16	5	11
3	6	+3	Singapore	87.01	12	2	4	17	1	13	5
4	4	0	Switzerland	85.67	3	6	14	10	17	3	19
5	7	+2	Sweden	85.50	4	16	19	7	13	7	18
6	5	-1	Israel	85.03	1	31	15	5	32	2	7
7	3	-4	Finland	84.00	10	15	9	14	24	9	10
8	11	+3	Denmark	83.22	7	24	6	8	31	1	24
9	8	-1	U.S.	83.17	9	27	12	1	47	29	1
10	10	0	France	82.75	13	39	16	2	20	17	8
11	12	+1	Austria	82.40	6	11	13	19	12	8	16
12	9	-3	Japan	82.31	5	5	35	9	30	16	12
13	15	+2	Netherlands	81.28	17	28	17	6	36	12	14
14	13	-1	Belgium	79.93	11	25	11	13	49	14	13
15	16	+1	China	78.80	15	14	47	11	5	39	2
16	14	-2	Ireland	78.65	34	1	1	12	39	20	34
17	17	0	Norway	76.93	16	51	5	20	10	10	22
18	18	0	U.K.	76.03	21	44	27	15	6	19	21
19	21	+2	Italy	75.76	24	23	21	16	33	25	20
20	19	-1	Australia	74.13	18	55	8	21	15	31	6
21	31	+10	Slovenia	73.93	19	8	20	40	14	15	26
22	20	-2	Canada	73.11	22	35	26	26	35	21	9
23	23	0	Iceland	71.56	14	36	3	-	3	4	27
24	25	+1	Czech Rep.	70.00	20	7	25	42	38	18	31
25	22	-3	Poland	69.98	35	17	39	22	19	38	29
26	27	+1	Russia	68.63	33	37	43	30	25	23	25
27	26	-1	Malaysia	68.28	23	9	46	25	41	40	38
28	32	+4	Hungary	68.24	25	13	40	18	54	30	48
29	24	-5	New Zealand	68.08	30	42	33	28	46	22	23
30	35	+5	Greece	66.30	32	50	43	27	9	28	40

New Zealand's innovation ranking has dropped under this Government, despite it claiming to be committed to building a more innovative economy.

New Zealand has dropped in the recent annual Bloomberg Innovation Index ranking, dropping five spots to number 29. Under the current Government our ranking has dropped in each of the past two years. This latest drop of five points is the largest fall in all 60 countries reported by Bloomberg, and paints a very depressing picture of New Zealand's ability to innovate. Innovation is not only declining but struggling under a Government that has overseen the lowest levels of business confidence in a decade. New Zealand was ranked 28th on Bloomberg's Index in 2013.

The previous National Government created Callaghan Innovation to help lift our performance, which it did and within two years our ranking improved to 18.

New Zealand has had some great innovators and we need more of them to add value to our exports of goods and services and to improve our standard of living. As a country New Zealand should back itself in its ability to add more capacity to innovate and add value to what we're good at, and to find new things to excel at. The Government should be focusing on improving our innovation ranking. If it doesn't it will end up making it harder for innovative businesses to attract investment and will risk the loss of innovative work in New Zealand.

MIKE HOSKING: WELCOME TO BOOMING BUSINESS OF MISERY

SOURCE: NZ Herald, 30 January 2020

The most astonishing statistic this year so far is a close race between the migration numbers and the emergency food grants.

The migration number should be of deep concern to us all, given they've cocked it up in spectacular fashion. Government's Ministry is out by thousands. There are nowhere near as many people arriving here as they thought, and that's bad because given we thought they were flooding in.

We went and got obsessed over housing. A flood of apartments is coming on stream and building consents are at modern record levels.

Then we have the labour issues. We need labour, which dovetails with the emergency food numbers and other welfare statistics.

We need labour because tragically there are a growing number of locals who find work just a bit tiresome, and we have a Government which doesn't seem to mind the attitude, and as a result hands out food grants and benefits in record numbers.

The upside of the migration numbers is that both the Labour Party and New Zealand First promised to cut them.

It's still not as low as they said it would be.

New Zealand First said they'd cut it to 10,000 net, but it does presumably quell the xenophobes who have laboured under the delusion that migration is bad, and all those foreigners are only here to buy our houses and steal our jobs.

The big question of course is how hard is it to count?

People in, people out, how you can mess that up so badly defies logic. But they have, and although the consequences are serious, I doubt anyone will be held to account.

But in election year I am fascinated to hear how people like Grant Robertson are going to explain how that on one hand we apparently have an economy to be proud of and yet on the other we are handing out millions in emergency food grants.

Hardship grants generally are up over 45 per cent on last year, food grants are up over 65 per cent and housing grants are up 146 per cent and over 3 times since 2014.

They are astonishing figures by anyone's measure, far less in a country where they are trumpeting economic success.

The social housing waiting list is at record levels, and the jobseeker benefit numbers rise by about 15,000 every year.

The jobseeker benefit by the way is frequented by those ready for work.

Is there work? Yes, there is.

Do employers have trouble filling gaps? Yes, they do.

Then explain why there are jobs and recruitment issues and yet we have ever-larger numbers of people not working, getting paid for not working, and queues at record levels for every form of social assistance.

They can't of course, because the truth is they are pro-welfare. Those who line up are no longer held to a level of accountability they once were.

This at least in part is why the surplus is now gone, and the borrowing is beginning.

This is the cold hard economic truth, the more you spend in the non-productive part of the economy, the less you get back, the balance is tipped.

The more people on welfare, the fewer you have working and paying taxes.

If your tax base shrinks you have hit the economic slippery slope.

Borrowing is not an economic skill, and it's certainly not a reflection of a well-run economy, especially when you started out with massive surpluses.

I have watched Carmel Sepuloni, who has a growing welfare portfolio, several times now try to explain this paradox -a strong economy with its booming welfare bill - and she can't. She looks like she doesn't understand the situation, and the economics.

She's not as verbally dextrous as Robertson.

But the reality is numbers don't lie. Look at any social indicator you want - jobless, emergency food, motels, social housing, it's a booming business of misery.

The tragedy is we got here in two and a half short years.

"When you talk, you are only repeating what you already know. But if you listen, you may learn something new." Dalai Lama

NICK SMITH MP – ADDRESS TO ROTARY ON "NZ's CLIMATE CHANGE CHALLENGE"

To read Nick's full address, go to:
https://nicksmith.national.org.nz/25th_rotary_speech
This is a very good read, and aligns closely with my Bluegreens science-based approach for environmentalism.

Nick said on Facebook "I gave my annual speech to Rotary in Nelson last night on Climate Change. Take view it is a real problem but I am not in the apocalypse camp. Outlined steps National took, progress made and importance of NZ meeting Paris commitment of reducing emissions 30% by 2030. Also noted positively cross-party agreement on 2030 target, role of new Commission and ETS as main tool.

"Also noted significant biannual emissions report Govt snuck out after Parliament rose before Christmas giving latest figures on NZ emissions.

"Final official numbers for 2017 show National achieved small 25,000 tonne reduction in emissions 2008-2017 (-.03%). Compares with 10% increase under Clark (1999-2008) and 13% increase under Bolger/Shipley (1990-1999). Global emissions rose 14% over same years so did better than most countries. Progress under Key was uncoupling emissions growth from population and economic growth that was 15% and 25%.

"Report shows emissions increasing this term of Parliament (2017-2020) by 47,000 tonne as compared to reducing 24,000 tonne during last Parliament (2014-2017). Most concerning is that last biannual report in Dec 2017 projected emissions in 2020 to be 79.96 mt but now 80.93mt or bout a million tonnes worse. ie Govt said in 2017 they would reduce but now saying they are going up. Not good for a Govt that has made climate change its cause célèbre."

HIS SPEECH INCLUDED:

"My message is a moderate one. Climate change is a real problem but I am not in the apocalypse camp. Greenhouse gas emissions have increased global temperatures by 0.7◦C over the past century and sea levels by 19 cm. These numbers are not particularly scary. The bigger concern is what will occur in future on which there is some uncertainty. The focus of my speech is that New Zealand needs to deliver on its Paris commitment of a 30% reduction in emissions by 2030, and that this is going to be a big ask………… Actions are more important than words. The focus of this speech is on the future but it is worth noting the major steps National took in Government on climate change and the results achieved.

1: National got 500,000 New Zealand homes insulated between the state houses we directly insulated, those we subsidised through the WarmUp NZ programme and those rental properties we required to get insulated. Household energy efficiency improved dramatically.

2: We also made great progress in increasing New Zealand's renewable energy supplies by 500 megawatts and increasing our proportion of renewable electricity from 65% to 85%. The previous Clark government had seen renewables drop from 71% to 65%.

3: It was a huge step forward for climate change policy in New Zealand in July 2010 when we put a price on carbon emissions by implementing the ETS. It is internationally recognised that pricing emissions is the most important step to reducing them, yet very few countries have got there.

New Zealand bounced between the option of a carbon tax and ETS mechanism for 15 years through Labour and National Governments without progress. 2010 was a difficult economic time and we softened the impact by halving the obligation and then progressively ramped it up in 2016, 2017 and 2018. The ETS puts a financial incentive of every hour of every day on the electricity, transport and industrial sectors to lower emissions.

It is this pricing mechanism that has seen New Zealand's emissions track better than Australia over the past decade.

4: One of New Zealand's most difficult and unique challenges is our high proportion of agricultural emissions to which there is no current technological solution. The Global Research Alliance we founded in 2011 on reducing these emissions is making real progress.

5: The National Policy Statement of Freshwater in 2012 put real limits on intensification of farming that has slowed, and in some areas stopped new dairy conversions.

6: National introduced subsidies for electric cars in 2012 and electric trucks in 2016 by exempting them from road user charges. These incentives helped electric vehicle numbers grow from a few hundred to over 5,000 and we helped install 140 charging stations around the country.

7: National also electrified Auckland's rail service and upgraded its trains. Public transport usage grew 60% in Auckland from 53 million to 85 million journeys a year during our nine years.

8: A no brainer for reducing emissions is to capture and use the methane from landfills. Nelson's tip in York Valley is one of a dozen our Government helped fund landfill gas capture that saw these emissions reduce by 20%.

9: Another significant area of work was helping secure the Kigali Agreement on the very powerful greenhouse gases used in the refrigeration industry.

New rules were put in place to phase these down 85% by 2036.

10: The last but very significant achievement was helping to secure the 2016 Paris Agreement on climate change. Talks had stalled for over a decade in trying to get both developed and developing countries to agree on emissions reductions. The Paris Agreement broke that impasse and the focus now needs to be on ensuring it is achieved.

I set out these ten steps forward under National on climate change because a new Government will always want to pretend its predecessor did nothing and that it is doing much more………… It is also important that we do not lose sight of other risks to the future beyond climate change…… The earthquakes and eruptions that have killed New Zealanders in the last decade are puny to what we know are possible. If Taupo were to erupt again the consequences would be catastrophic not just for New Zealand but the world……...

The last topics I want to cover is about how we get emissions down. Let me deal first with forestry. I am sceptical of how big a role it can play in solving the climate change problem. Newly planted forests do absorb carbon dioxide out of the atmosphere but when they are harvested a good proportion returns. It is true that by increasing the area in forests we can defer the need to reduce emissions but eventually we have to get emissions down. The fundamental problem with using forestry to reduce emissions is limited land. As Mark Twain said, “they are not making much of it these days.” I am not opposed to afforestation as there are areas of New Zealand where it is the better land use. My worry is that the arbitrary billion tree target and generous Government grants will see areas planted out in trees where it is not the best land use. The key point is that expanding forestry can make a short-term hole in our 80 million tonnes of annual emissions. But at some point we still need to cut emissions. If the trees are planted in the wrong place, removing them in future will make the climate change problem worse.

The area I believe where New Zealand has the greatest opportunity for emissions reduction is electric vehicles. An electric vehicle does nothing for climate change if the electricity is generated from a coal fired power station. New Zealand is uniquely placed because we have one of the highest proportions of renewable electricity and the potential for much more. We are also limited in our opportunities for public transport with a much lower population density than most countries…. I am a total convert to electric car technology. I expected it to have teething problems but [my] car has not missed a beat for 10 years….. I am also impressed by the developing technologies for electric buses and trucks.

The debate is about getting greater up take of electric vehicles. National’s Road User Charge exemption is worth $13,000 over the life of a vehicle. The Government proposes abolishing it in favour of a feebate system where it hits larger vehicle owners with a new tax to subsidise smaller more efficient vehicles like electrics. ………… I was astonished that the Government declined the Waitaha hydro scheme on the West Coast last year. We do not have a hope of meeting our climate change goals unless we aggressively grow our hydro, geothermal, wind and solar energy.

This brings me to the difficult issue of agricultural emissions. There are three aspects of these emissions that require a different approach. The first is that the main agricultural emission, methane, is a short-term gas with a half-life of about a decade. This contrasts with carbon dioxide that will be present for thousands of years. We need to be more cautious with CO_2 because it lasts so much longer in the atmosphere.

The second is that the only way farms can reduce methane emissions from livestock currently is to reduce stock numbers. We can power cars differently, we can heat differently, but farmers currently have few choices.

The third difficulty is that our agricultural production is largely exported and our emissions less than other countries. This is significant because we risk cutting our own production only for it to be substituted by other less efficient producers, resulting in higher global emissions.

I do not support adding these emissions to the Emission Trading Scheme. It is just a new cost imposition on New Zealand’s most important industry. My frustration with the current government over agricultural emissions is their refusal to reform our biotechnology laws. The Green Party whipped up a frenzy of opposition to gene technologies in the early 2000s. Their fears have not proved to be correct. It is wrong that research on new rye grasses that would substantially reduce farm emissions could not be done in New Zealand and instead is being done in the US. It is unfair on farmers of the Greens to make them responsible for their emissions but then block access to the technologies that would enable them to reduce emissions. A top priority for addressing farm emissions should be reform of our biotechnology laws…….

The National Party’s track record on reducing environmental degradation far outperforms what our left-wing (current and past) governments have achieved

Read my Bluegreens Autumn 2020 Newsletter – available on my website

CEO PAY SURVEY: WHAT THE COUNTRY'S TOP BOSSES EARN

Source: NZ Herald. 31-Jan-2020

Top chief executives' pay is back on the rise after several years of marginal growth, the Herald's latest CEO pay survey reveals.

Executives covered by the survey got a 12 per cent pay rise last year, taking their average earnings to $1,750,141 in the 2019 financial year. That was up from $1,561,229 for the previous year.

Leading the pack was Fletcher Building chief executive Ross Taylor, who has been at the helm of the building company since November 2017. Taylor was paid $5.3m for the 2019 year, made up of a base salary of more than $2 million, a long-term incentive worth the same, a short-term incentive of just under $1.1m and other benefits worth $106,500.

In addition, he was given $1m worth of company shares - "a special retention arrangement" - set to vest in 2022, for what the board said was recognition of the "transition the company is going through" and the "important part the chief executive officer plays".

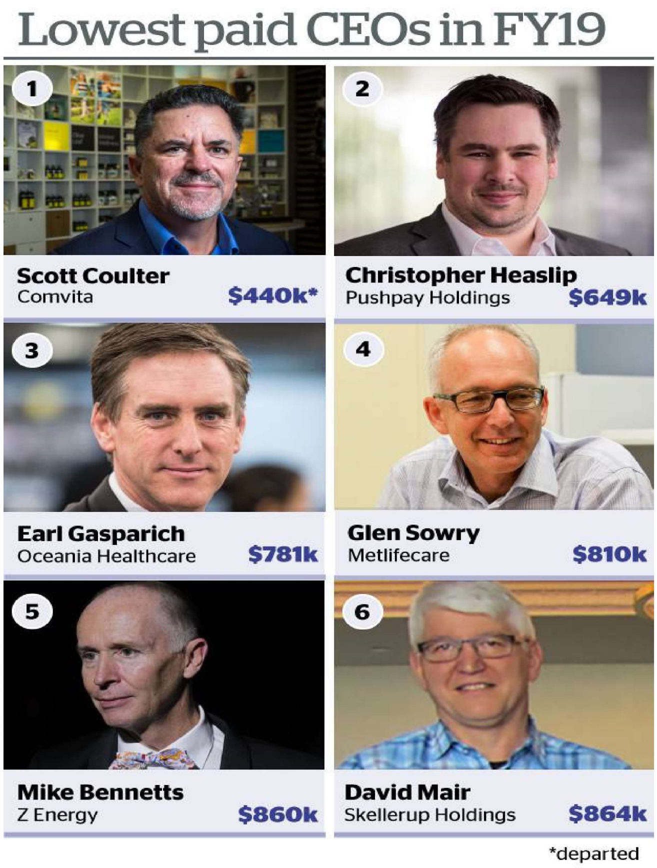
Technically speaking, the now-departed CEO of the country's largest company, Fonterra's Theo Spierings, received the second-highest pay out of all the executives surveyed - but that was not a full year's salary earned in the 2019 financial year.

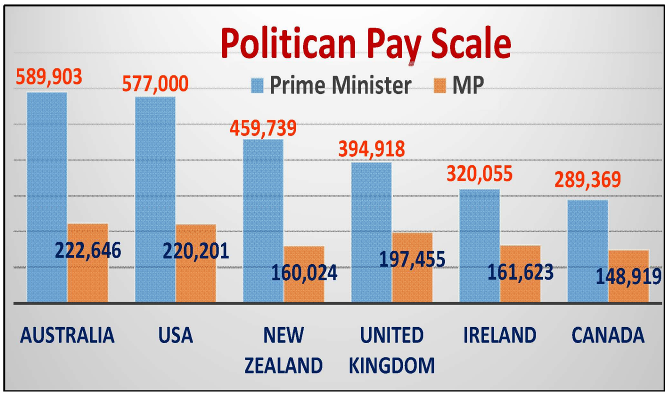
Spierings, who finished up at the dairy co-operative in August 2018, was paid $4.67m - including performance pay realised in 2017, despite the company not paying out a dividend to shareholders in the 2019 financial year.

His final golden handshake dwarfed the remuneration of current CEO Miles Hurrell, who was paid $2.2m for a year's work. Spierings' last pay cheque from the company took his total earnings from Fonterra to $43m.

The survey covers the top executives at the 50 biggest NZX-listed companies for which information is available. Some property firms are excluded because their management structure makes it difficult to calculate CEO pay. Fonterra is listed because of its sheer size, and Herald publisher NZME is included in the interests of transparency.

Another departing CEO was among the top earners: former Air NZ boss Christopher Luxon, who received $4.28m in the last year of his almost eight-year tenure at the airline. And ANZ Bank's former chief David Hisco received $3.86m. See detailed salary chart on next page….





CEO PAY COMPARISONS

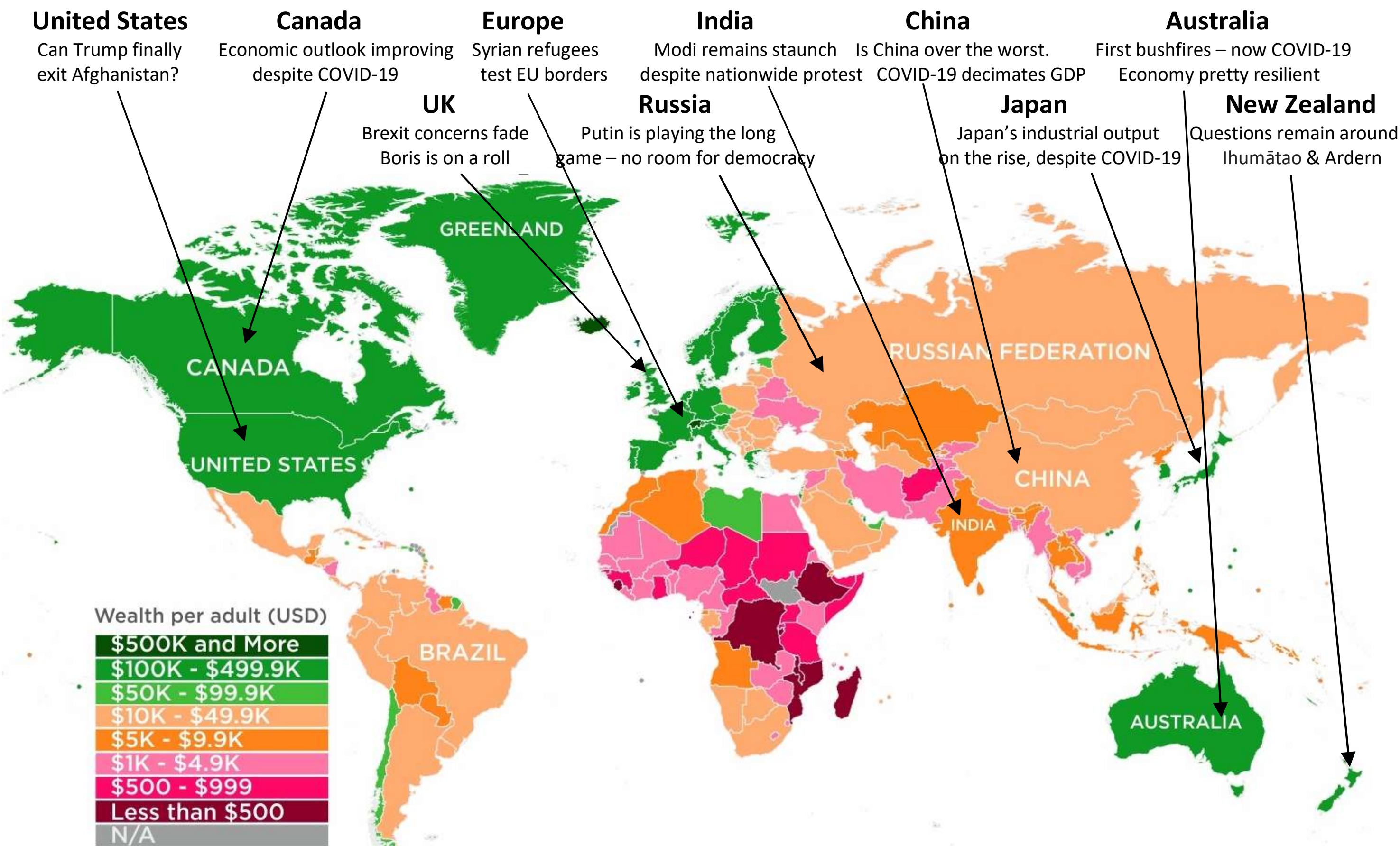
AVERAGE PAY FOR 2019 financial year	$1,561,229
AVERAGE PAY FOR 2018 financial year	$1,750,141

Source: NZ Herald COMPANY	CHIEF EXECUTIVE	2017	2018	2019	CHANGE 2018 to 2019	2019 Company profit/loss	COMMENTS
A2 Milk Company	Jayne Hrdlicka			$2,230,920		$287.7m	Incl transition benefits, excl performance rights vested.
	Geoff Babidge	$890,060	$1,315,000	—		—	CEO term ended 16 July 2018.
Air New Zealand	Christopher Luxon	$4,665,549	$4,176,171	$4,285,846	2.6%	$270m	Incl incentives of $2.5m, excludes performance rights.
ANZ Bank (NZ)	David Hisco	$3,706,257	$3,337,362	$3,862,786	15.7%	$1.93b	2019 pay not full year. Incl $2.1m termination benefits.
Argosy Property	Peter Mence	$748,982	$893,113	$896,540	0.4%	$133m	Excludes performance share rights issued.
Arvida Group	Bill McDonald	$513,975	$525,466	$707,898	34.7%	$59m	2019 pay includes LTI of $104,777.
Auckland Airport	Adrian Littlewood	$3,300,000	$3,609,142	$2,400,135	-33.5%	$523.5m	2019 incl LTI $450,495 ($1.8m in LTI in 2018).
Briscoe Group	Rod Duke*	$1,038,000	$920,187	$978,116	6.3%	$63.3m	Excludes dividend payments as major shareholder.
Chorus	Kate McKenzie	$845,618	$2,219,475	$2,068,560	-6.8%	$53m	Stepping down at the end of the year.
Comvita	Scott Coulter	$490,000	$440,000	$440,000	-	($27.7m)	CEO term ended 30 September 2019.
Contact Energy	Dennis Barnes	$1,453,060	$1,002,508	$1,552,124	54..8%	$345m	2018 pay does not include equity STI.
Ebos	John Cullity	—	$313,194	$1,638,031	-	$142m	CEO from 1 April 2018. 2018 pay not for full year.
Fletcher Building	Ross Taylor	—	$4,729,545	$5,302,570	-	$164m	2019 incl LTI of $2m paid in the year. 2018 not for full yea
F&P Healthcare	Lewis Gradon*	$1,794,910	$2,312,909	$2,678,092	15.8%	$209.2m	
Fonterra	Miles Hurrell	—	—	$2,263,054	-	($650m)	CEO from 15 August 2018 (permanently 4 March 2019).
	Theo Spierings	$8,320,324	$3,545,777	$4,673,359	31.8%	—	2019 incl performance payments for 2017.
Freightways	Mark Troughear	—	—	$872,912	-	$63.3m	CEO from 1 January 2018.
	Dean Bracewell*	$1,370,140	$850,399	—	-	—	CEO term ended 31 December 2017.
Genesis Energy	Marc England	$1,429,928	$2,061,265	$2,351,631	14.1%	$59.2m	
Gentrack Group	Ian Black	$500,000	$600,000	$700,000	16.7%	($3.3m)	One employee earns.
Goodman Property	John Dakin	$2,229,518	$961,192	$941,554	-2.0%	$319.5m	Disclosure changed. 2018 and 19 excludes LTI paid.
Heartland Bank	Jeffrey Greenslade	$2,736,489	$2,636,489	$2,829,161	7.3%	$73.6m	
Infratil	Marko Bogoievski	$1,700,000	$1,540,000	$1,900,000	23.4%	$52.4m	One employee earns.
Kathmandu	Xavier Simonet*	$1,380,910	$1,408,315	$1,902,000	35.1%	$57.6m	2015 pay not for full year.
Kiwi Property Group	Clive Mackenzie	—	—	$488,647	-	138.1m	CEO from 16 July 2018 . Not full year pay.
	Chris Gudgeon	$1,111,357	$1,044,471	—	-	—	CEO term ended 13 July 2018.
Mainfreight	Don Braid*	$2,216,119	$2,636,867	$2,761,095	4.7%	$137.6m	
Mercury	Fraser Whineray	$1,881,192	$1,803,283	$1,975,715	9.6%	$357m	Formerly Mighty River Power.
Meridian Energy	Neal Barclay	—	—	$1,695,195	-	$339m	
	Mark Binns	$2,379,768	$1,248,041	—	-	—	2018 pay for six months (July 1 — December 31).
Metlifecare	Glen Sowry	$650,875	$822,478	$810,816	-1.4%	$39.2m	
NZ Exchange	Mark Peterson	$1,250,000	$1,030,000	N/A	-	N/A	
NZME	Michael Boggs	$1,177,213	$1,326,871	N/A	-	N/A	2017 and 2018 pay includes bonus.
NZ Refining	Mike Fuge	—	$542,000	N/A	-	N/A	2018 not for full year (27 Aug — 31 Dec).
	Sjoerd Post	$1,582,000	$1,342,000	—	-	—	2018 pay not for full year. Term ended 31 July 2018.
Oceania Healthcare	Earl Gasparich	$1,155,466	$630,447	$781,147	23.9%	$45.3m	2017 pay includes $370,000 transaction bonus .
Port of Tauranga	Mark Cairns	$1,338,333	$1,680,106	$1,773,259	5.5%	$100.5m	
Pushpay Holdings	Christopher Heasli	$344,000	$517,000	$649,000	25.5%	$18.8m	Converted from USD.
Precinct Properties	Scott Pritchard	$1,050,000	$1,132,200	$1,198,800	5.9%	$189.9m	One employee earns
Restaurant Brands	Russel Creedy	$2,446,000	$900,000	$1,037,000	15.2%	$42.2m	2018 pay does not include STI or LTI payments.
Ryman Healthcare	Gordon MacLeod*	$1,116,000	$991,867	$1,228,753	23.9%	$326m	No LTI was paid in 2018 year.
Sanford NZ	Volker Kuntzsch	$1,305,000	$991,000	$932,500	-5.9%	$41.6m	No LTI was paid in 2018 year.
Scales Corp	Andy Borland*	$886,774	$1,079,259	N/A	-	—	
Skellerup	David Mair	$649,000	$965,000	$864,000	-10.5%	$29m	
Sky Television	Martin Stewart	—	—	$625,000	-	($607.8m)	Pay not for full year (21 Feb — 30 June).
	John Fellet	$1,965,741	$1,975,000	$1,478,946	-25.1%	—	CEO term ended 28 March 2019.
SkyCity	Graeme Stephens	$238,369	$3,763,802	$3,922,482	4.2%	$144.5m	Pay for less than a year.
Spark	Simon Moutter*	$2,753,500	$2,693,250	$2,820,825	4.7%	$490m	CEO term ended 30 June 2019.
Stride Property	Philip Littlewood	—	$861,850	$1,000,203	-	$76.1m	CEO from 26 June 2017.
	Peter Alexander	$1,299,999	—	—	-	—	CEO term ended 31 March 2017.
Summerset Group	Julian Cook	$1,003,558	$1,041,400	N/A	-	N/A	
Synlait	Leon Clement	—	—	$880,035	-	$82.2m	
	John Penno*	$1,200,188	$967,582	—	-	—	CEO term ended 10 August 2018.
The Warehouse	Nick Grayston	$1,773,000	$2,237,000	$1,972,000	-11.8%	$65.3m	CEO from November 2015.
Tourism Holdings	Grant Webster	$1,037,488	$1,120,760	$842,150	-24.9%	$29.7m	
Trustpower	Vince Hawksworth	$1,747,939	$1,535,384	$1,896,997	23.6%	$92.6m	
Vector	Simon Mackenzie	$1,176,997	$1,206,422	$1,680,000	39.3%	$84m	One employee earns.
Vista Group	Kimbal Riley	—	$1,080,730	N/A	-	N/A	CEO from April 2018.
Westpac (NZ)	David McLean	$2,293,528	$2,270,462	$2,285,010	0.6%	$964m	
Z Energy	Mike Bennetts	$2,275,191	$1,737,733	$860,462	-50.9%	$186m	2019 pay does not include STI or LTI.
	* Managing Director						

Unless specifically declared, top paid employee was assumed to be the chief	Remuneration data is based on obvious declared earnings including base, bonus, performance, relevant	We only include what is disclosed.
Situations with no specific declaration are marked "one employee earns".	Averages are calculated using only individuals with full-year data	Company profit is net profit after tax.
Where earnings for an unspecified employee were declared in a	band, upper limit was used.	N/A - no 2019 annual report available at time of publication.

I STRONGLY RECOMMEND THAT YOU "GET OFF THE BEATEN TRACK" IN JAPAN (I DID SO IN THE 80'S).
TOKYO IS NOT JAPAN. PLEASE SUPPORT JAPAN CUSTOM TOURS – YOU WON'T REGRET IT.

THE WORLD AT A GLANCE – World Wealth Map, 2018



All BETS ARE OFF THE TABLE WITH THE ADVENT OF COVID-19

THE GLOBAL ECONOMIC OUTLOOK

The new decade started off on a promising note with financial markets buoyed by the signing of the phase one trade agreement between the US and China and the finalisation of Brexit. Economic data out of the US has been generally positive with markets shrugging off the President Trump impeachment process.

However, this positive start to 2020 has been completely undone by the developing COVID-19 situation and by the end of January, US and European equity markets had given up all the gains seen so far this year.

The OECD thinks Big Tech could pay US$100b in tax if the United States agrees to an OECD proposal to make digital companies pay tax where they do business, rather than where they register subsidiaries. America wants Big Tech firms to decide for themselves where to pay tax. The OECD plan could add NZ$550m to New Zealand's tax coffers if the taxes were spread equally.

Growth in the global economy, including the emerging markets, has been revised down by more than growth in the advanced economies. Based on the recent PMIs, Chinese GDP growth is likely to be revised down by as much as 2.0 points to 4.7%, with global GDP growth revised down by 1.2 points to only 2.3%. These results would represent the lowest global growth rates since the GFC in 2009.

GLOBAL REAL GDP GROWTH RATE

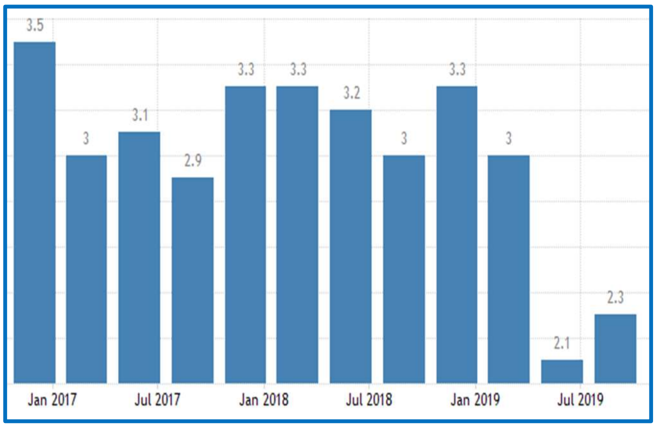
Source: Fulcrum Asset Management

NEW ZEALAND'S ECONOMIC OUTLOOK

After an extended period of economic growth the economic cycle is gradually approaching its end. As the new year kicked off, the New Zealand economy looked like it was on a solid upward trajectory. After losing some steam in early 2019, GDP growth had lifted again. We were also seeing signs that low interest rates and increases in government spending were boosting demand, with a pickup in the housing market, increases in household spending and a tightening in the labour market.

Despite it being late in the economic cycle the outlook for 2020 appeared promising; and then COVID-19 hit. GDP has already tanked, and we now look increasingly likely to go into recession. This current government continues to show paralysis when it comes to being agile in the face of an economic crisis. Where is the plan – unfortunately, we can only expect more spin, and procrastination.

NZ - ANNUAL GDP GROWTH RATE

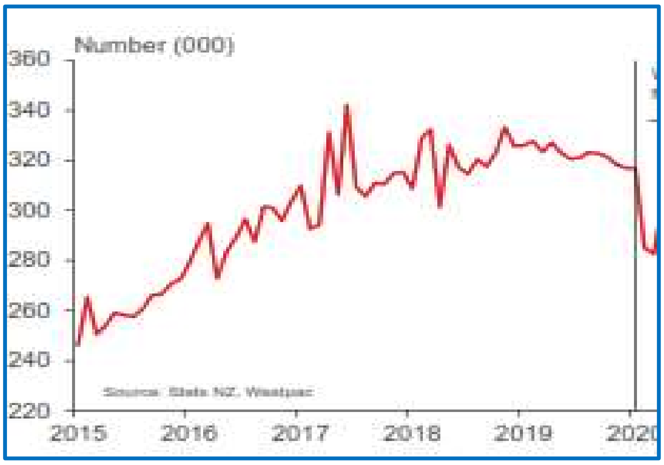


Despite the increases in consumer and government spending, business confidence remains low. Businesses in a number of industries are wrestling with slow sales growth, rising costs and strong competition from imports. At the same time, competitive pressures in sectors like retail have been fierce. Those pressures have been exacerbated by technological changes (like the continued growth in e-commerce) which have effectively given large international firms a foothold in the New Zealand marketplace.

Many businesses are also struggling with the impacts of changes in government regulations, as well as changes in societal preferences such as the increasing focus on the environmental impact of business practices. In many cases, addressing these matters has added to operating costs. This has been a particular challenge for small to medium sized businesses, who don't have access to the same sort of legal or financial resources that larger firms do.

ANZ has recently lowered the bank's forecast for GDP in the first and second quarters of 2020 by 0.5% because of the economic effects of the COVID-19.

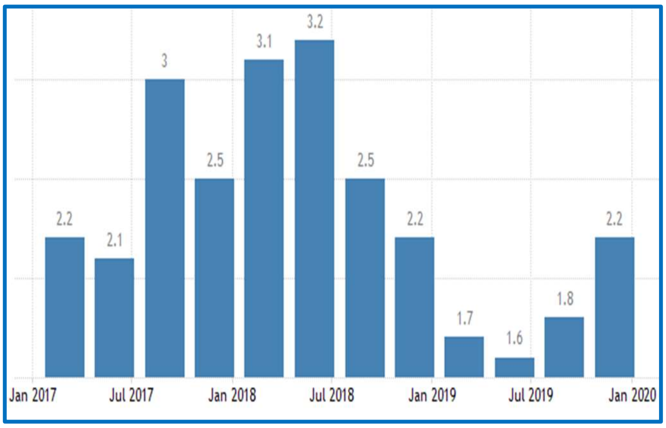
VISITOR ARRIVAL TO NEW ZEALAND



AUSTRALIAN ECONOMIC OUTLOOK

The Australian economy advanced 2.2% year-on-year in the last quarter of 2019, following an upwardly revised 1.8% growth in the previous period. However, Treasury are now predicting it will have fallen in the 1st quarter by 0.5% (annually) as a result of COVID-19.

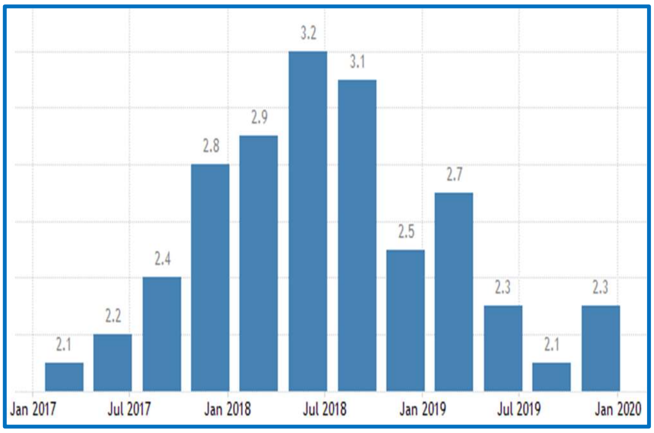
AUSTRALIA - ANNUAL GDP GROWTH RATE



UNITED STATES ECONOMIC OUTLOOK

The US job market is strong, adding 273,000 jobs in February. However, COVID-19 is the big risk for the US economy. That is why the US Federal Reserve is introducing an emergency cut of 50 basis points in policy interest rates, with a further 50 basis points priced in by the forward market for the Federal Open Market Committee meeting later in the month.

UNITED STATES ANNUAL GDP GROWTH



CHINESE ECONOMIC OUTLOOK

New Zealand's top four exports to China were dairy products (milk powder, butter and cheese), wood (logs, wood and wood articles), meat (meat and edible offal), and travel services (including spending by holidaymakers, business travellers and students).

The latest annual figures, from before the outbreak of COVID-19, show that China is an important market for both goods and services. About a third of our dairy exports go to China – almost 60% of our forestry products and over 40% of our meat. 19% of spending by overseas visitors in New Zealand was by Chinese visitors.

China has announced that it would halve tariffs on US imports, in line with its recent Phase 1 trade agreement with America. Some had feared it would renege on the deal using a 'natural disaster' caveat.

Chinese policymakers have rolled out a raft of measures to support an economy jolted by the virus, which is expected to have a devastating impact on first-quarter growth. President Xi Jinping noted: "The outbreak of novel COVID-19 pneumonia will inevitably have a relatively big impact on the economy and society. For us, this is a crisis and is also a big test."

China's economic growth may show a sharp slowdown in the first quarter, probably dipping to 3% or even lower from 6% in the previous quarter - which was the weakest pace in nearly 30 years, economists estimated.

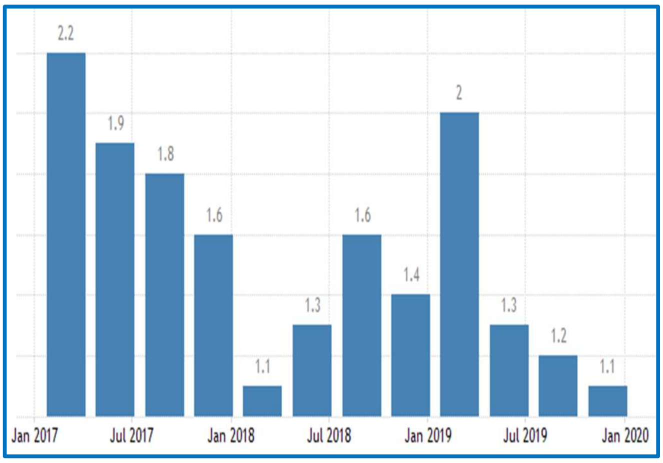
CHINA - ANNUAL GDP GROWTH RATE

UNITED KINGDOM ECONOMIC OUTLOOK

Britain's economy grew at its fastest rate since September 2018 in January 2020, though manufacturers and the services industry increasingly felt the impact of the spreading COVID-19 as the month went on. Deutsche Bank analysts have cut their forecast for British economic growth this year to just 0.5%, citing the rapid spread of the COVID-19 and saying the Bank of England could cut interest rates twice by May in response.

Fears of a recession spurred the biggest stock market sell-off in a decade (at the beginning of March) and many analysts have now trimmed their growth projections, with Bank of America recently cutting its world growth forecast to 2.8%, the lowest since 2009.

UK - ANNUAL GDP GROWTH RATE



EUROPEAN ECONOMIC OUTLOOK

Eurozone GDP growth slowed to 0.1% quarter-on-quarter in the last three months of 2019, dragged down by France and Italy. The EU's statistics office, Eurostat, said growth for the period in the 19-country area was 0.9% year-on-year, a downward revision from the previously estimated 1% growth.

German factory owners are less gloomy than they have been in recent months, but they are still feeling the pain of the US-China trade war and they fear weaker exports because of the COVID-19 outbreak in China.

EURO AREA - ANNUAL GDP GROWTH RATE

INDIAN ECONOMIC OUTLOOK

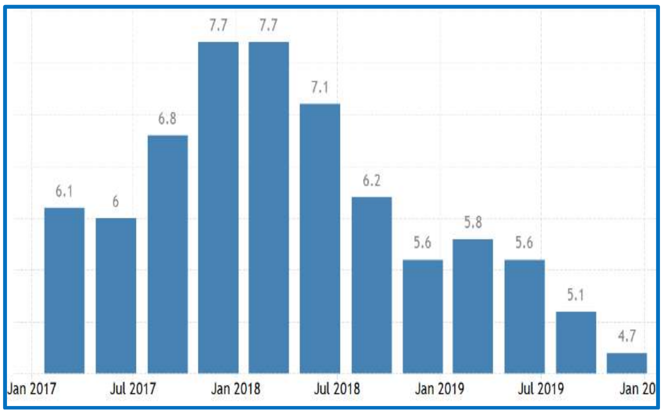
India is in the grip of an extended economic slowdown. Despite the Modi government taking measures, their economy is not rebounding as per expectations.

It was expected the pre-budget mini reform would push the numbers up for key indicators of Indian economy but the wrong indicators shot up even after the Budget reforms were proposed in February.

Unemployment figures have gone up in the latest data, released by a Mumbai-based private think-tank - from 7.16% in January this year to 7.78% in February.

Villages have borne the brunt of economic slowdown, with consumption being particularly low in rural areas. This has created a ripple effect on the overall health of the Indian economy. The slowdown in consumption is directly related to declining earning or less money in pocket to spend.

INDIA - ANNUAL GDP GROWTH RATE



COMMODITIES

Saudi Arabia, the world's top oil exporter, will step up crude oil production from next month, flooding global markets and most likely depressing petrol and diesel prices, in response to Russia's refusal to join an OPEC plan to cut supplies.

OIL: BRENT OIL (ONE YEAR)

CURRENCIES

Financial markets here are now pricing in a Reserve Bank Official Cash Rate cut to 0.75% by August and the New Zealand dollar has fallen just around US63c again.

NZD/USD & NZD/AUD

SOURCE: Westpac

AGRIBUSINESS – LOOKING FROM THE OUTSIDE IN



NZ$m year to 30 June	2004	2008	2012	2016	2017	2018	2019	2020F	2021F
Dairy	6,092	10,359	13,379	13,289	14,638	16,655	18,107	19,630	19,450
Meat & Wool	6,848	6,939	7,781	9,201	8,355	9,542	10,176	10,430	10,680
Forestry	3,294	3,295	4,332	5,140	5,482	6,382	6,883	6,000	6,600
Horticulture	2,212	2,896	3,560	5,002	5,165	5,376	6,111	6,400	6,530
Seafood	1,257	1,272	1,545	1,768	1,744	1,777	1,963	2,090	2,210
Arable	94	142	182	210	197	243	236	260	255
Other primary exports	1,114	1,525	1,773	2,612	2,638	2,706	2,852	3,060	3,140
Primary Industries Total	20,911	26,428	32,552	37,222	38,219	42,681	46,328	47,870	48,865
Per annum % Change		6.6%	5.8%	3.6%	2.7%	11.7%	8.5%	3.3%	2.1%

SMART-COW STARTUP "HALTER", BACKED BY ROCKET LAB'S PETER BECK, CLOSE TO LAUNCH

SOURCE: NZ HERALD

Halter founder and CEO Craig Piggott with a prototype product. The GPS-enabled, solar-powered collar allows a farmer to control a herd remotely via a smartphone, using audio signals.

Halter makes solar-powered smart collars for cattle that, combined with GPS and a smartphone app, let a farmer manage a herd and track key data remotely. The collars can work over cellular data or, if reception is patchy, satellite broadband. Halter does the connectivity setup.

Halter was founded in 2016 by one of Beck's ex-staff, 25 year-old Craig Piggott, who worked as a mechanical engineer at Rocket Lab (and before that, like Beck before him, was an engineer at Fisher & Paykel). After more than three years of product development, Halter's commercial launch is now close.

"*Halter has been working closely with a selection of top farmers in the Waikato, commencing deployment on a small number of initial farms*," Piggott told the Herald. "*Having set up mass production offshore [in China], a public launch will happen later this year*."

Pricing had yet to be made public, but a likely model is that farmers could get the collars for free - so there's no capex shock - but pay a monthly subscription, per cow, for the associated software. "*We know it has to financially make sense for their operations*," Piggott says.

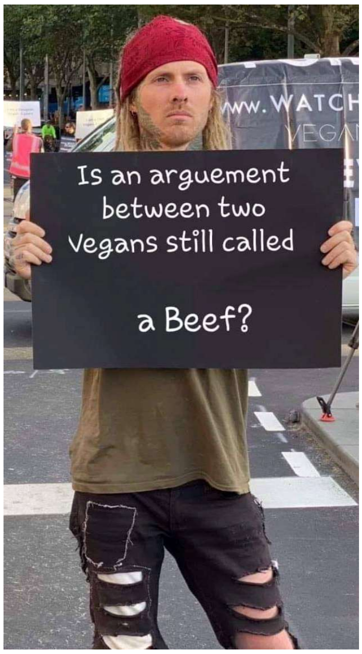
Wondering why we could launch rockets into space when farmers were still walking behind their cows, he realised the dairy industry had changed little since the advent of the milking machine.

This GPS-enabled cow collar — a solar-powered tracking device which allows farmers to shift and monitor their herds remotely. It will self-herd cows and send data about their behaviour, emotions and health to farmers by phone, giving farmers unprecedented control over cow movements. The device uses sound and vibration to create a virtual boundary to keep cows in one place or to herd them to another.

"*The smartest cows only take two hours to train*," Piggott said. "*The farmer then has the ability to use the remote technology to shift the cows around the farm. The collars can be programmed to bring the cows to the milking shed at certain times and identify cows on heat. "The collar has huge animal welfare benefits, especially on larger farms. If a cow stops eating because she's sick or lame, she can be identified sooner*."

He sees Halter's collars revolutionising the dairy sector, reducing labour and infrastructure costs.

Piggott had to top up his student loan to buy parts for his prototype and used his own belt to attach the device to the cow. But Halter has now raised more than US$8 million, with Peter Beck, Peter Thiel and Stephen Tindall joined by Silicon Valley-based Data Collective (like Tindall, also a Rocket Lab investor).



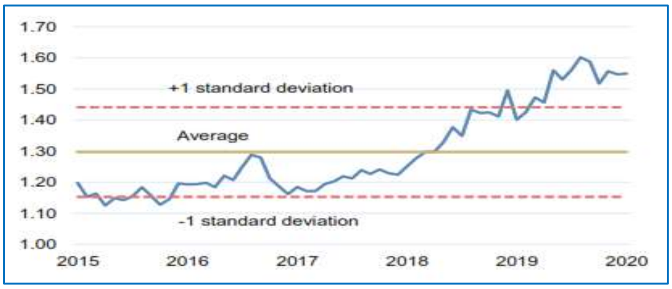
NEW ZEALAND EQUITIES

As we enter a new decade, investors may instead be reflecting whether the next ten years of equity returns can be as good as the last ten years. On this score, the news may not be as encouraging. Higher-than-average equity returns in a decade, like the last one, have pushed equity market valuation ratios to high levels. As there is a tendency for valuation ratios to return to average over time, future returns are often lower after a sustained period of strong returns. This is the basis for the following chart, which shows the relationship between the cyclically adjusted price-to-earnings (PE) ratio and future 10-year average returns from the US equity market.

Valuations for New Zealand equities have increased significantly relative to those in the rest of the world, as the chart below shows. Although New Zealand equities will find a degree of support from an improving global economy, relative performance will likely suffer from a gradual rise in interest rates, which will likely make New Zealand's dividend stocks less attractive than they have been in recent years.

Should Rio Tinto decide to close the Tiwai Point aluminium smelter the electricity generators, which represent 12% of the NZ equity market, may fall significantly causing the market to fall by 2.5-3.5%.

NEW ZEALAND EQUITY PRICE-TO-EARNINGS RATIO RELATIVE TO THE WORLD



PORT OF TAURANGA

FIRST HALF HIGHLIGHTS (TO 31ST DECEMBER 2019)

Group Net Profit After Tax decreaced	Transhipment increased	Container volume up	Log exports down
1.4%	3.7%	3.4%	8.4%
to $48.3 million		to 642,209 TEU's	to $3.4 million tonnes
Total trade down	Increase in Subsidary & Associate Compaany earnings	Dairy exports up	Interim dividend of
4.2%	17.2%	6.3%	6 cents
to 13.3 million tonnes		to 1.2 million tonnes	per share

Port of Tauranga (POT.NZ)

I say… **ACCUMULATE ON WEAKNESS**

~~UNDERPERFORM~~ $6.70 **12-mth TARGET:** $5.47

POT has just taken delivery of its 9th (and biggest) container crane. It can service ships up to 49m (or 49 containers) wide. POT, at the end of February, announced stable profitability for the first six months of the 2020 financial year, despite total cargo volumes dipping 4.2% to just under 13.3 million tonnes. Group Net Profit After Tax was $48.3m, which was 1.4% lower than the same period the previous year. Adjusting for the impact of adopting new accounting standard NZ IFRS 16 for leases, which reduced profit after tax for the period by $0.587m, comparative earnings were 99.8% of the prior corresponding period.

Container numbers increased 3.4% to 642,209 TEUs for the six months to December 2019. Transhipment, where cargo is transferred from one ship to another at Tauranga, increased 3.7%. This trend continues to consolidate Port of Tauranga's position as New Zealand's international hub port.

- Group Net Profit After Tax of $48.3 million, a 1.4% decrease
- Total trade decreased 4.2% to 13.3 million tonnes
- Container volumes up 3.4% to 642,209 TEUs
- Transhipment increased 3.7%
- Subsidiary and Associate Company earnings increased 17.2%
- Log exports down 8.4% to 3.4 million tonnes
- Dairy exports up 6.3% to 1.2 million tonnes
- Imports decreased 6.7% to nearly 4.7 million tonnes
- Exports decreased 2.6% to 8.6 million tonnes
- Interim dividend of 6 cents (same as the previous period)

POT OPERATING REVENUE

	Six Months Ended 31 Dec 2019 Group NZ$000	Six Months Ended 31 Dec 2018 Group NZ$000
Port services revenue	137,402	136,330
Rental revenue	15,030	14,277
Marshalling services revenue	2,342	2,389
Total operating revenue	154,774	152,996

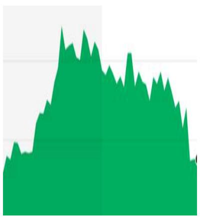
POT DIVIDENDS

	Six Months Ended 31 Dec 2019 Group NZ$000	Six Months Ended 31 Dec 2018 Group NZ$000
Final dividend of 7.3 cents per share (2018: 7.0 cents per share)	49,661	47,618
Special dividend of 5.0 cents per share (2018: 5.0 cents per share)	34,015	34,014
Total dividends paid	83,676	81,632

CONTROLLING ENTITY

Quayside Securities Limited continues to own 54.14% of the issued ordinary shares in Port of Tauranga Limited. Quayside Securities Limited is beneficially owned by Bay of Plenty Regional Council, the Ultimate Controlling Party. Transactions with the Ultimate Controlling Party during the period include services provided to Port of Tauranga Limited $17,970 (six months ended 31 December 2018: $15,611).

ALL ONE YEAR GRAPHS



Auckland Airport

Despite soft passenger movements (1H20 down 0.5% on pcp) AIA's diversified business delivered modest revenue and EBITDAFI growth (1.2% and 0.9%, respectively), while underlying profit was up 2.2%, with higher capitalised interest contributing. Retail revenue growth slowed to 2.5% but parking, property and hotels all delivered mid-single digit growth. AIA has adjusted guidance, assuming a $10m impact in 2H20 on COVID-19 (AIA factoring impact over the next couple of months with a return to normal in the back end of 2H20 in coming up with estimate).

2020 P/E: 39.8 2021 P/E: 38.7

NZX Code:	**AIA**
Share Price:	**$7.89**
12mth Target:	**$6.90**
Projected return (%)	
Capital gain	-12.5%
Dividend yield (Net)	2.5%
Total return	**-10.0%**

Rating: ~~UNDERPERFORM~~

My Rating: NEUTRAL

52-week price range: 9.90-7.38

a2 Milk Company

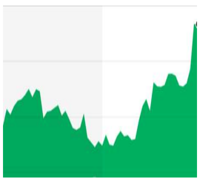
A2 Milk said its business was unaffected by the outbreak of COVID-19 in China but that it was unclear what the impact would be over the second half. Its net profit jumped 21.1% to $184.9m in the first half to December 31, well ahead of market expectations. ATM's total revenue lifted by 31.6% to $806.7m, compared to earlier guidance of $780m to $800mf. Group infant nutrition revenue came to $659.2m, up 33.1% on strong growth in China, with sales doubling to $146.7m. ATM has expanded its a2 Platinum product offering into South Korea, with both its infant and toddler range. ATM described South Korea as 'an exciting market opportunity' due to the high per capita dairy consumption and a fast-growing e-commerce channel.

2020 P/E: 33.6 2021 P/E: 26.9

NZX Code:	**ATM**
Share Price:	**$17.21**
12mth Target: ↑	**$16.38**
Projected return (%)	
Capital gain	-4.8%
Dividend yield (Net)	0.8%
Total return	**-3.6%**

Rating: NEUTRAL

52-week price range: 18.04-12.19



Chorus

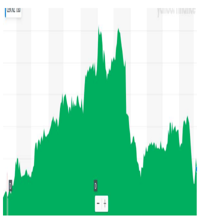
CNU is enjoying a return to modest EBITDA growth with line loss to Fixed Wireless Access (FWA) pausing for now. While it will take until FY24/25 for total capex to settle to a long-term level of ~$200-250m, the favourable competitive backdrop provides an opportune time to indicate dividend policy intention from FY22 (when the regulatory process wraps up). CNU will transition to a high payout ratio of adjusted free cash flow which excludes growth capex.

2020 P/E: 56.2 2021 P/E: 48.5

NZX Code:	**CNU**
Share Price:	**$7.61**
12mth Target:	**$6.40**
Projected return (%)	
Capital gain	-15.9%
Dividend yield (Net)	3.7%
Total return	**-12.2%**

Rating: NEUTRAL

52-week price range: 7.64-4.88



Contact Energy

1H20 reported results were in line, at $221m EBITDAF and Underlying earnings $59m. FY20 total dividend continues to be guided to 39cps. Modest earnings surprises were $9m extra depreciation for a shortened economic life of 377MW Taranaki Combined Cycle (TCC) station, and $3m interest capitalised for Tauhara geothermal expansion pre-FID wells. Hydro-inflows 3% below mean and constrained thermal fuel supply squeezed CEN, leaving it unable to respond to high prices with increased thermal production, and needing to prudently decrease Commercial & Industrial (C&I) sales and so unable to benefit from rapidly rising sale prices in that segment.

2020 P/E: 38.0 2021 P/E: 35.1

NZX Code:	**CEN**
Share Price:	**$6.83**
12mth Target: ↑	**$8.37**
Projected return (%)	
Capital gain	22.5%
Dividend yield (Net)	5.4%
Total return	**27.9%**

Rating: OUTPERFORM

52-week price range: 9.05-6.35

Delegat Group

DGL continues to deliver strong operating leverage through scale and a focused brand strategy. It appears well positioned to continue to execute as recent vineyard and wine. 1H20 operating NPAT $34.4m, up 9.6%. This was supported by volume growth, cost control, and FX; with a modest deterioration in unit COS (cost of sales) and underlying price/mix. FY20 guidance is for NPAT of $52.4m. Notably full-year case sales guidance ("up 8% on last year") implies a moderation in growth in 2H20 (+5.8% YoY), following the annualisation of distribution gains in the UK during 1H20.

2020 P/E: 21.0 2021 P/E: 17.6

NZX Code:	**DGL**
Share Price:	**$10.48**
12mth Target: ↑	**$10.58**
Projected return (%)	
Capital gain	-11.5%
Dividend yield (Net)	1.8%
Total return	**-9.7%**

Rating: UNDERPERFORM

My Rating: NEUTRAL

52-week price range: 12.50-9.65

Ebos Group

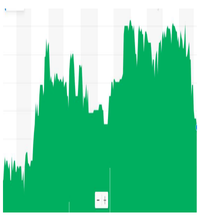
Strong top-line growth and the integration of the Chemist Warehouse Group (CWG) pharmaceutical supply contract impressed.; EBO continues to demonstrate its quality through solid execution. However, a number of margin pressures was also evident, including pressure on PBS revenues given limited funding growth against a generally rising cost base (rent, freight, etc.), competition, etc. However, EBO appears to be positioning well to establish a number of potential growth opportunities within its core competencies (e.g., medical device distribution, Australia Contract Logistics, etc.).

2020 P/E: 22.3 2021 P/E: 20.5

NZX Code:	**EBO**
Share Price:	**$23.81**
12mth Target:	**$22.47**
Projected return (%)	
Capital gain	-5.6%
Dividend yield (Net)	3.4%
Total return	**-2.2%**

Rating: NEUTRAL

52-week price range: 25.60-20.60



EROAD

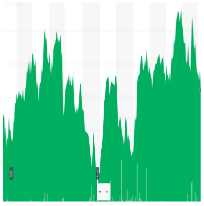
ERD's 3Q20 operating result gave an encouraging outlook. It showed an improvement in average revenue per user (ARPU). In the first nine months of FY20 ERD added 16,800 new units (a 15% increase on the prior year) and management indicated a solid new customer run rate. Having just entered the Australian market, growth there remains modest with only 170 units added in the quarter. However, the company expects to win a large enterprise contract in Q420 which would be a welcome sign of traction in Australia. Pleasingly, the North American market's underlying monthly win rate improved over 3Q20 to 391 compared to 328 in 1H20.

2020 P/E: (117.1) 2021 P/E: 41.3

NZX Code:	**ERD**
Share Price:	**$2.84**
12mth Target:	**$3.40**
Projected return (%)	
Capital gain	19.7%
Dividend yield (Net)	0.0%
Total return	**19.7%**

Rating: OUTPERFORM

52-week price range: 3.25-2.60



Fletcher Building

FBU's 1H20 result came in slightly below Jarden expectations, with normalised EBIT of $219m vs continuing EBIT of $272m in 1H19. The Steel division broke even contributing ~$20m to the earnings decline, with softness across other NZ divisions. Australia disappointed again with EBIT down -19% to NZ$35m on lower residential and infrastructure activity resulting in volume declines and margin pressure. Positively, FBU reports the cost out programme in Australia is nearing completion with NZ$15m of net benefits expected in FY20 rising to NZ$50m in FY21 alongside expectations of increased residential activity.

2020 P/E: 16.7 2021 P/E: 14.2

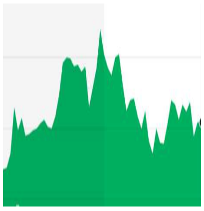
NZX Code: FBU
Share Price: $5.05
12mth Target: ↑ $5.39
Projected return (%)
Capital gain -7.6%
Dividend yield (Net) 4.7%
Total return -2.9%
Rating: NEUTRAL
52-week price range: 5.70-4.28

Freightways

FRE's 1H20 result was 4.7% below forecasts with normalised EBITDA of $56.2m (down 3.5% YoY). After adjusting for changes in surcharges Jarden estimates that Express Package delivered underlying revenue growth of +2.2% while underlying EBITDA increased by 4.1% vs. PCP. Importantly, underlying momentum improved through 1H with the company reporting that the rate of deterioration in organic growth trends seen across the last five quarters abated in 2Q20.

2020 P/E: 16.7 2021 P/E: 14.2

NZX Code: FRE
Share Price: $7.41
12mth Target: ↑ $8.20
Projected return (%)
Capital gain 10.7%
Dividend yield (Net) 4.7%
Total return 15.4%
Rating: NEUTRAL
52-week price range: 8.84-

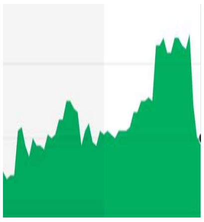


Genesis Energy

Underlying NPAT of $16m was $10m below Jarden's $26m estimate, mainly due to a $10m increase in depreciation (on generation asset revaluations in 2H19, plus accelerated depreciation on reduced life plant). A surprise was the advanced discussions to buy offtake from a 300 MW 550 GWh solar farm in North Waikato. Retail remains a key factor for GNE. Despite GNE's excellent retail track, Jarden still believes intense retail competition will eventually erode all retail electricity prices. An 80% imputed 8.525cps dividend was declared.

2020 P/E: 63.7 2021 P/E: 42.5

NZX Code: GNE
Share Price: $3.15
12mth Target: $2.88
Projected return (%)
Capital gain -8.1%
Dividend yield (Net) 5.3%
Total return -2.7%
Rating: UNDERPERFORM
52-week price range: 3.77-2.84

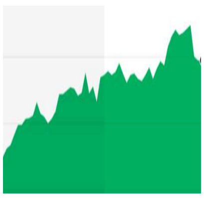


Heartland Group Holdings

HGH's return on Equity (at 11.1%) was up from 10.6% previously. This was largely driven by 'top line' growth (gross finance receivables +8.4% YoY) and higher financial leverage, with deterioration in net interest margin (NIM) and cost to income ratios. Impairments improved; however, it is difficult to disaggregate operational improvements (lower risk lending and improved remediation) from accounting noise (related to IFRS 9). . HGH possesses a number of compelling opportunities to deliver growth in its receivables book. However, critical to capitalising on this is improved operating margin trends. Risks include competition, bad debts and provisioning levels, liquidity, etc.

2020 P/E: 13.8 2021 P/E: 12.9

NZX Code: HGH
Share Price: $1.60
12mth Target: $1.84
Projected return (%)
Capital gain 15.0%
Dividend yield (Net) 6.0%
Total return 21.0%
Rating: NEUTRAL
52-week price range: 1.93-1.47



Infratil

IFT's key growth assets, Canberra Data Centres (CDC), Tilt Renewables (TLT) and Longroad are all performing very well. In particular, CDC has exceeded Jarden's expectations having been revalued at $1.33-1.67 billion, up from $841-$942 million. Furthermore, CDC's annual earnings run-rate has reached A$135-145 million, up from A$90 million a year ago. TLT recently sold its Snowtown 2 wind farm generating net equity proceeds of A$455 million. This positive outcome will help fund its attractive development pipeline. The weak spots within IFT's portfolio have been Trustpower (which is facing lower hydro inflows, cost pressure and a plant outage) and Wellington Airport (which has seen passenger growth stall while operational expenditure has increased). Vodafone NZ appears to be tracking towards the bottom end of guidance which is incrementally negative. RetireAustralia progress is again looking soft, although expectations are low for this business. Applying the latest TLT and Trustpower target valuations and an estimated sale price multiple of 18.5x EV/EBITDAF to Wellington Airport, Jarden estimates IFT's net equity value at $5.66 per share.

2020 P/E: 48.1 2021 P/E: (29.0)

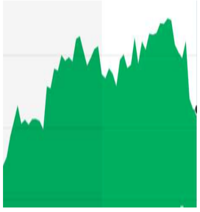
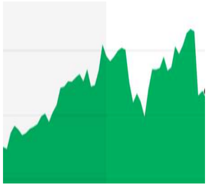
NZX Code: IFT
Share Price: $5.09
12mth Target: ↑ $5.13
Projected return (%)
Capital gain 0.8%
Dividend yield (Net) 3.2%
Total return 4.0%
Rating: OUTPERFORM
52-week price range: 5.66-3.83

Kathmandu

Rip Curl is an attractive strategically sound acquisition. The investor day supported this view that Rip Curl is a complementary and broadly aligned brand, with KMD's core product offer and that through the transaction KMD has become a genuine multi-brand, multi-channel company. While no specific revenue or cost synergy targets were provided, it was clear from presentations that there are opportunities in both areas to drive upside beyond the guidance of 10%+ EPS accretion (pre-synergies).

2020 P/E: 13.4 2021 P/E: 12.1

NZX Code: KMD
Share Price: $2.74
12mth Target: $3.54
Projected return (%)
Capital gain 29.2%
Dividend yield (Net) 5.2%
Total return 34.4%
Rating: NEUTRAL
52-week price range: 3.64-1.93

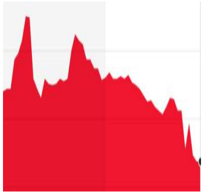
	**Mainfreight** MFT is an attractive business, but growth is built into its current share price. While there are clearly many attractive qualities to the MFT investment case, it is also a business not without both operational and valuation risk. As a global supply chain service provider, MFT is clearly exposed to trade tensions and broader macro-economic slow-down. By market, while the US and European business have seen material improvement in profitability both are growing operations in highly competitive freight markets. Importantly, MFT's rerating over recent years reflects that investors are more willing to pay for longer dated and less certain cash flows into the future. 2020 P/E: 26.0 2021 P/E: 23.4	**NZX Code:** **MFT** **Share Price:** **$36.40** **12mth Target: ↑** **$38.00** **Projected return (%)** Capital gain 3.5% Dividend yield (Net) 1.8% **Total return** **5.3%** **Rating: NEUTRAL** 52-week price range: 43.99-32.38
	**Meridian Energy** MEL reported an in-line $465m EBITDAF, 19% above $389m in the pcp. Jarden attributes most of the gain vs pcp to good utilisation of 8.5% above-mean wind and hydro generation, and 13% price increase on growing corporate sale volume. Underlying NPAT was $184m (pcp $144m), a 10% miss vs Jarden's $204m forecast due to a $20m increase in depreciation following the FY19 $1.1bn asset revaluation. 2020 P/E: 42.2 2021 P/E: 52.7	**NZX Code:** **MEL** **Share Price:** **$4.68** **12mth Target:** **$3.90** **Projected return (%)** Capital gain -16.7% Dividend yield (Net) 4.3% **Total return** **-12.4%** **Rating: UNDERPERFORM** 52-week price range: 5.80-3.77
	**Michael Hill International** MHJ has largely completed a restructure of its business, that included a new CEO with a retail background. The company has dealt with its two problematic businesses, closing its loss-making US operations and exiting its Australian Emma & Roe stores. MHJ is now implementing strategies to turn the core business around. Initial evidence of positive progress includes achieving 2Q20 same store sales growth of +4%. This was despite difficult consumer and trading conditions in the key Australian market which was impacted by intense competition. It was pleasing to see MHJ hold its Australian gross margin under these conditions. The company has flagged growth opportunities within the Canadian operation through investment in training, personnel and logistics. MHJ has strong cash flow performance and nil net debt. 2020 P/E: 8.4 2021 P/E: 7.7	**NZX Code:** **MHJ** **Share Price:** **$0.58** **12mth Target: ↑** **$1.00** **Projected return (%)** Capital gain 72.4% Dividend yield (Net) 6.0% **Total return** **78.4%** **Rating: OUTPERFORM** 52-week price range: 0.80-0.50
	**NZ Refining** NZR posted an in line $118m EBITDAF (+3.5% vs Jarden's $114m forecast) 22.5% down vs the pcp, despite delivering record throughput (42.7mbbl vs pcp 40.4mbbl, on the major shut in 2018). NZR was unable to fully capitalise on its excellent FY19 plant availability and maintenance performance, because Asian refining margins weakened on growing Chinese gasoline & diesel exports and late-FY19 contraction of NZR freight premiums due to US trade embargoes. $4.2m NPAT was reported, with no final dividend to be paid, due to currently weak refining conditions. 2020 P/E: (7.2) 2021 P/E: (16.4)	**NZX Code:** **NZR** **Share Price:** **$1.12** **12mth Target: ↑** **$1.71** **Projected return (%)** Capital gain 52.7% Dividend yield (Net) 0.0% **Total return** **52.7%** **Rating: OUTPERFORM** 52-week price range: 2.20-1.12
	**NZX** NZX delivered a strong performance in Issuer relationships (annual listing fees, secondary equity raisings, and debt issues), albeit with market returns helping to offset a decline in issuer numbers. Increased subscription and licence revenue appears to be driven by positive (thematic) data trends. The efficiency benefits of recent IT projects assisted to deliver cost out. These factors were partly offset by softer trading and clearing revenue (due to a pricing structure reset as an investment in future liquidity), higher operating expenses in Secondary markets (increased regulation headcount), and disappointing margins in Funds management (albeit with this largely related to positioning for future growth). 2020 P/E: 23.3 2021 P/E: 22.4	**NZX Code:** **NZX** **Share Price:** **$1.07** **12mth Target:** **$1.37** **Projected return (%)** Capital gain 5.4% Dividend yield (Net) 4.4% **Total return** **9.8%** **Rating: NEUTRAL** 52-week price range: 1.48-0.98
	**Precinct Properties NZ** PCT remains one of Jarden's preferred sector (NZ LPV) exposures. Its re-allocation of capital from older assets on firm cap rates into new, higher yielding developments is improving portfolio quality, generating growth in NTA, and delivering some of the highest EPS and DPS growth in this sector. Occupancy averages 99%, and WALT (weighted average length of tenure) is at 8.8 years. With gearing at just 25.4%, PCT looks reasonably priced. 2020 P/E: 27.8 2021 P/E: 26.0	**NZX Code:** **PCT** **Share Price:** **$1.91** **12mth Target:** **$1.80** **Projected return (%)** Capital gain -5.8% Dividend yield (Net) 3.4% **Total return** **-2.4%** **Rating: NEUTRAL** 52-week price range: 1.95-1.51
	**Port of Tauranga** POT reported a softer 1H20 - EBITDA was down 1% on pcp; NPAT down 1.4% on log volumes (-8.4%) on 1H19, but TEU's +3.4. Activity, including log volumes, in 1H20 was still robust given the strong pcp (1H19 EBITDA was up 8.8% on 1H18; logs +11.7%; TEU's +5.1%). Jarden views POT as a high-quality infrastructure asset that is very well positioned to benefit from structural change as NZ container trade progressively moves towards a hub-and-spoke model. **My thoughts are to ACCUMULATE on weakness.** 2020 P/E: 46.3 2021 P/E: 40.1	**NZX Code:** **POT** **Share Price:** **$6.70** **12mth Target: ↑** **$5.47** **Projected return (%)** Capital gain -18.4% Dividend yield (Net) 2.6% **Total return** **-15.8%** **Rating: ~~UNDERPERFORM~~** **My Rating: ACCUMULATE** 52-week price range: 8.08-5.34

Property for Industry

PFI's portfolio is performing well on industrial strength, with occupancy stable at 99%, while the WALT softened slightly to 5.38 years. Rental reviews were strong, up +4.6% on an annualised basis, building on the solid 1H and higher than the +2.5% in FY17 and FY18. Market reviews were also robust at +4.7% on average (vs +3.3% in 1H). As previously reported, the portfolio saw a +9.3% fair value gain, with the WACR firming -34 bp over the 2H to 5.75%, helping lift NTA to NZ$2.06/share.
2020 P/E: 27.5 2021 P/E: 25.7

NZX Code:	**PFI**
Share Price:	**$2.52**
12mth Target:	**$2.21**
Projected return (%)	
Capital gain	-12.3%
Dividend yield (Net)	3.1%
Total return	**-9.2%**

Rating: UNDERPERFORM
52-week price range: 2.59-1.90

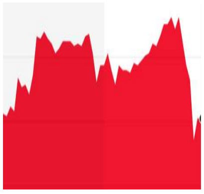


Seeka

FY19 EBITDA of $23.3m (-7.5% vs the pcp of $25.2m). Adjusting for the Aongatete acquisition, post-harvest earnings were broadly flat (a pleasing result given lower kiwifruit yields and a less favourable phasing of loadout). While a number of external factors were challenging (kiwifruit/kiwiberry yields, disruptions to avocado supply lines, etc.), non-core performance continues to disappoint.Non-core performance and financial discipline remain concerns. However, in Jarden's view, Zespri's growth ambitions present an opportunity for scale post-harvest operators with the ability to invest in capacity, automation, and technology. The recently announced release of red kiwifruit licences expands this opportunity.
2020 P/E: 15.6 2021 P/E: 13.2

NZX Code:	**SEK**
Share Price:	**$4.20**
12mth Target: ↑	**$6.01**
Projected return (%)	
Capital gain	43.1%
Dividend yield (Net)	5.7%
Total return	**48.8%**

Rating: OUTPERFORM
52-week price range: 5.35-4.20



Skellerup Holdings

SKL delivered a disappointing 1H20 result with an NPAT of $12.1m,(down 14.4%) vs pcp of $13.4m. Performance in Agri was largely as expected, however, slower demand (water infrastructure, oil and gas, and automotive industries) and US trade tariffs weighed on Industrial earnings (1H20 Industrial EBIT -18% YoY). In Jarden's view, 1H20 performance highlights the high degree of earnings volatility that continues to exist despite the recent focus on more stable OEM revenue streams.
2020 P/E: 15.2 2021 P/E: 14.0

NZX Code:	**SKL**
Share Price:	**$2.08**
12mth Target:	**$2.03**
Projected return (%)	
Capital gain	-2.4 %
Dividend yield (Net)	6.0%
Total return	**3.6%**

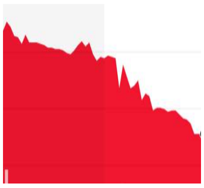
Rating: NEUTRAL
52-week price range: 2.52-1.89

Skycity Entertainment Group

Expectations were for a benign FY20 with much more interest and focus coming in the back-end of FY21 as early results from the NZICC/Horizon completion and Adelaide expansion started to filter through. The combination of the NZICC fire and recent COVID-19 added an element of interest. As it turned out, With the key Auckland local gaming business performing well (but offset by non-gaming Auckland) and the other NZ properties also solid, it looks like the NZICC fire impact is relatively minimal, while it is International Business (IB) that is driving a ~$10-15m downgrade on a weak 1H and cautious outlook on 2H, due in part to COVID-19. For now, the key Auckland local gaming business does not appear to be impacted, but there is downside if the view on that changes.
2020 P/E: 18.7 2021 P/E: 17.7

NZX Code:	**SKC**
Share Price:	**$3.21**
12mth Target:	**$4.00**
Projected return (%)	
Capital gain	24.6%
Dividend yield (Net)	5.4%
Total return	**30.0%**

Rating: NEUTRAL
52-week price range: 4.15-3.02

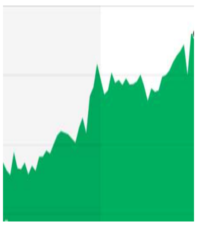


Sky Network Television

An overhaul of Jarden's model for SKT is required, but more detail is needed before it is worth revisiting their opex and capex outlook – even once SKT unveils its strategy, picking the bottom for revenue will remain challenging and will continue to weigh on the stock. Jarden flows through WACC parameter changes (long-term risk free rate to 4% from 4.6%) but introduce a 1% premium to their WACC (long-term WACC 10%).
2020 P/E: 9.2 2021 P/E: 14.6

NZX Code:	**SKT**
Share Price:	**$0.54**
12mth Target:	**$0.73**
Projected return (%)	
Capital gain	35.2%
Dividend yield (Net)	0.0%
Total return	**35.2%**

Rating: NEUTRAL
52-week price range: 1.44-0.50



Spark NZ

SPK delivered an in-line 1H20 result with no change to guidance. Mobile and cloud services stood out while broadband delivered gross margin improvement on flat revenue. Labour costs were surprisingly high, on the back of new revenue initiatives. The 2H20 weighting to earnings appears credible with minor changes to Jarden forecasts. Net debt increased by $200m in 1H20 and headroom to SPK's conservative target fell below $100m, putting the focus on SPK to deliver on its promised FY20 free cash flow target of $460m—a level which will cover the dividend (1H20 just $50m).
2020 P/E: 21.5 2021 P/E: 20.3

NZX Code:	**SPK**
Share Price:	**$4.93**
12mth Target:	**$4.05**
Projected return (%)	
Capital gain	-17.8%
Dividend yield (Net)	5.2%
Total return	**-12.6%**

Rating: UNDERPERFORM
52-week price range: 4.93-3.54

Synlait Milk

SML won't talk to what is happening with A2 margins and the ongoing vacuum of info on this key driver of profit is likely going to continue to drive caution by the market given just how important it is SML's profitability, including SML's ability to sustain the large increase in overheads it has over recent years (from $38.8m in FY16 to $62.1m in FY19 and growing). Given the issues SML is having in filling new capacity with new profitable customers in line with its strategy, these costs will face further scrutiny – particularly if A2 is able to renegotiate down its margins over time in line with expectations that they will. Eventually, Jarden expects to get visibility on this – it just may take a couple more years.
2020 P/E: 15.5 2021 P/E: 12.7

NZX Code:	**SML**
Share Price:	**$5.69**
12mth Target:	**$7.75**
Projected return (%)	
Capital gain	36.2%
Dividend yield (Net)	0.0%
Total return	**36.2%**

Rating: NEUTRAL
52-week price range: 11.35-5.31

Tourism Holdings

Jarden believes THL is well positioned to solidify its dominance as difficult trading conditions unfold. Since listing in 2016, Apollo (ATL.AX) has been expanding its motorhome rental business and now has a global market share similar to THL. This has been largely funded through debt (~5x FY19A ND/EBITDA). As it has expanded, Apollo has experienced a compression in margins and returns on capital (~8.5% FY19A ROFE). Jarden believes THL's relative performance is becoming evident as market conditions become more challenging.

2020 P/E: 18.0 2021 P/E: 11.9

NZX Code:	**THL**
Share Price:	**$2.64**
12mth Target:	**$3.66**
Projected return (%)	
Capital gain	38.6%
Dividend yield (Net)	8.8%
Total return	**47.4%**
Rating: OUTPERFORM	
52-week price range: 5.13-2.33	

Vital Healthcare Property Trust

VHP reported an in-line 1H20 result with net property income of $49.9m (Jarden: $49.4m), net distributable income of $21.8m (Jarden: $21.5m), and AFFO of $22.0m (Jarden: $21.8m). FY20 DPU guidance of 8.75cps was reaffirmed. VHP's portfolio comprises quality healthcare assets with defensive characteristics underpinned by a long WALT and a high proportion of structured rent reviews. Looking forward, we continue to forecast steady dividend growth over the near-term.

2020 P/E: 28.5 2021 P/E: 25.9

NZX Code:	**VHP**
Share Price:	**$2.87**
12mth Target:	**$2.60**
Projected return (%)	
Capital gain	-9.4%
Dividend yield (Net)	3.1%
Total return	**-6.3%**
Rating: NEUTRAL	
52-week price range: 2.95-2.08	

Z Energy

In December 2019, ZEL clocked up its fifth earnings downgrade in two years. It came with a significant reduction in dividend guidance to 40 cents per share (down from 48-50 cents). Since ZEL's first FY19 guidance was issued, earnings have fallen by $100 million to $350-385 million. This reflects declining market share and lower fuel margins across both petrol and diesel due to increased competition, especially from low-cost independent operators. In 2019 there was a net increase of 16 new petrol stations added, of which over half were unmanned stations. While Jarden doesn't believe retail margins will deteriorate much further, they will likely remain under pressure with operators like Gull still able to roll out fuel stops and achieve their 15% return hurdle with a petrol margin 2 cents per litre lower than where it is today. They believe ZEL still holds a strong position in the market given its vertical integration and convenience store offering which grew same-store-sales by 7% over the past year. Consequently, Jarden expects profit and dividends to recover (FY22 dividend forecast of 46 cents per share). Furthermore, corporate activity in Australia (Caltex Australia receiving a takeover offer and Chevron re-entering the retail fuel market after exiting 4-years ago) suggests that ZEL's business model still has some appeal.

2020 P/E: 22.6 2021 P/E: 14.7

NZX Code:	**ZEL**
Share Price:	**$4.07**
12mth Target:	**$4.35**
Projected return (%)	
Capital gain	6.9%
Dividend yield (Net)	9.7%
Total return	**16.6%**
Rating: NEUTRAL	
52-week price range: 6.85-3.89	

NZ LISTED COMPANIES

As at 3rd March 2020

Source: Jarden, CSFB Estimates	Ticker	Mrkt Cap (NZ$m)	Price 03-Mar-20 (NZ$)	Target Price (NZ$)	Price Earnings (x) FY20	Price Earnings (x) FY21	Net Yield (%) FY20	Net Yield (%) FY21
COMMUNICATION SERVICES & MEDIA								
Chorus	CNU	2,986	6.73	6.40	56.4	48.8	3.6%	3.7%
NZME	NZM	65	0.33	Res	4.1	4.3	0.0%	0.0%
Sky Network Television	SKT	231	0.53	0.73	8.8	7.8	0.0%	0.0%
Spark NZ	SPK	8,524	4.64	4.05	20.9	19.7	5.4%	5.4%
CONSUMER DISCRETIONARY								
Kathmandu	KMD	870	2.95	3.65	11.2	10.1	6.1%	6.4%
Michael Hill International	MHJ	215	0.58	0.96	8.0	7.3	4.5%	7.2%
Restaurant Brands New Zealand	RBD	1,410	11.30	10.75	25.6	21.0	0.0%	0.0%
SKYCITY Entertainment Group	SKC	2,115	3.17	4.00	16.2	15.3	6.3%	6.3%
The Warehouse Group	WHS	749	2.16	2.24	10.4	9.8	7.7%	8.2%
Tourism Holdings	THL	355	2.40	3.79	14.7	10.1	8.9%	10.0%
CONSUMER STAPLES								
a2 Milk Company	ATM	11,921	16.20	16.38	32.9	27.0	0.0%	1.2%
Comvita	CVT	114	2.30	3.61	20.7	12.1	3.0%	5.1%
Delegat Group	DGL	1,016	10.05	10.58	19.1	16.0	1.8%	2.1%
Fonterra Shareholders' Fund	FSF	389	3.88	3.85	14.4	11.4	3.4%	4.4%
New Zealand King Salmon	NZK	247	1.78	2.25	18.4	16.0	2.8%	3.2%
PGG Wrightson	PGW	176	2.33	2.32	11.9	11.6	7.1%	7.3%
Sanford	SAN	645	6.90	7.65	14.1	13.0	3.3%	3.3%
Scales Corporation	SCL	580	4.10	4.78	16.7	16.0	5.1%	5.3%
Seeka	SEK	135	4.20	5.85	15.3	13.6	5.7%	5.7%
Synlait Milk	SML	1,004	5.60	7.75	12.7	10.5	0.0%	0.0%
ENERGY								
NZ Refining	NZR	363	1.16	1.71	-6.6	-14.9	0.0%	0.0%
Z Energy	ZEL	1,612	4.03	4.35	19.8	12.9	9.9%	10.8%
FINANCIALS								
Heartland Group Holdings	HGH	924	1.60	1.84	11.6	10.9	6.9%	7.3%
NZX	NZX	358	1.30	1.37	20.9	20.1	4.8%	4.9%
HEALTH CARE SERVICES								
AFT Pharmaceuticals	AFT	348	3.58	3.45	80.0	23.7	0.0%	0.0%
Ebos Group	EBO	3,703	23.93	21.50	22.0	20.2	3.2%	3.5%
Fisher & Paykel Healthcare	FPH	14,709	25.60	14.38	55.8	49.0	1.1%	1.3%
HEALTH CARE PROVIDERS								
Arvida	ARV	900	1.66	1.48	15.2	14.4	3.6%	3.9%
Oceania Healthcare	OCA	670	1.09	1.23	14.2	17.0	4.2%	3.2%
Ryman Healthcare	RYM	7,530	15.06	11.15	29.7	25.8	1.6%	1.9%
Summerset Group	SUM	1,685	7.43	8.25	15.9	14.6	1.9%	2.0%
TRANSPORTAQTION & LOGISTICS								
Air New Zealand	AIR	2,347	2.09	2.49	11.6	8.1	10.5%	10.5%
Auckland Airport	AIA	9,222	7.59	6.90	35.1	34.1	3.0%	2.7%
Freightways	FRE	1,088	7.00	8.20	18.7	14.8	4.5%	5.6%
Mainfreight	MFT	3,675	36.50	3.43	23.4	21.0	1.8%	2.0%
Port of Tauranga	POT	4,272	6.28	5.47	44.7	38.7	2.5%	2.7%
INDUSTRIALS								
Metro Performance Glass	MPG	50	0.27	0.55	4.4	5.3	0.0%	0.0%
Skellerup Holdings	SKL	376	1.93	2.03	12.9	11.9	6.8%	7.2%
INFORMATION TECHNOLOGY								
EROAD	ERD	198	2.90	3.40	-106.1	37.4	0.0%	0.0%
Gentrack Group	GTK	197	2.00	2.70	226.3	35.0	0.4%	2.4%
Vista Group International	VGL	516	3.10	3.54	35.2	34.0	1.4%	1.5%
MATERIALS								
Fletcher Building	FBU	4,266	5.17	5.39	15.9	13.5	4.4%	5.2%
Steel & Tube	STU	124	0.75	0.84	20.4	11.6	4.0%	6.7%
REAL ESTATE								
Argosy Property	ARG	1,121	1.36	1.38	20.1	19.3	4.6%	4.6%
Goodman Property Trust	GMT	3,208	2.32	1.95	34.0	33.7	2.9%	2.9%
Investore Property	IPL	533	1.75	1.72	22.8	20.2	4.3%	4.3%
Kiwi Property Group	KPG	2,212	1.41	1.48	20.9	19.9	5.0%	5.0%
Precinct Properties NZ	PCT	2,457	1.87	1.80	27.4	25.6	3.4%	3.5%
Property for Industry	PFI	1,222	2.45	2.21	27.1	25.3	3.1%	3.2%
Stride Property Group	SPG	796	2.18	2.25	21.0	21.6	4.5%	4.6%
Vital Healthcare Property Trust	VHP	1,276	2.82	2.60	27.6	25.1	3.1%	3.2%
UTILITIES								
Contact Energy	CEN	4,739	6.60	8.09	35.2	30.3	5.9%	5.9%
Genesis Energy	GNE	3,047	2.96	2.88	58.1	38.7	5.8%	5.8%
Infratil	IFT	3,257	4.93	5.13	43.2	-26.1	3.5%	3.5%
Mercury NZ	MCY	6,267	4.60	4.54	34.5	33.3	3.4%	3.5%
Meridian Energy	MEL	11,790	4.60	3.90	37.2	46.5	4.6%	4.8%
TILT Renewables	TLT	1,463	3.26	3.25	2.3	69.4	0.0%	0.0%
TrustPower	TPW	1,912	6.11	6.13	23.2	18.9	5.6%	5.6%
Vector	VCT	3,180	3.18	3.21	25.4	27.1	5.3%	5.3%
MARKET AVERAGE *PE ratios exclude: AFT, ERD, GTK, NZR, TLT					**23.0**	**20.4**	**3.6%**	**4.0%**

Australian Forecasts 3-March-2020 Source: CSFB estimates	CODE	Market Cap (A$m)	Price 03-Mar-20 (A$)	Target Price (A$)	Price Earnings (x FY20	Price Earnings (x FY21	Net Yield (%) FY20	Net Yield (%) FY21
COMMUNICATIONS SERVICES								
carsales.com.au	CAR	3,964	16.16	18.80	28.2	25.1	2.9%	3.1%
Nine Entertainment	NEC	2,643	1.55	2.15	14.6	13.7	6.5%	6.5%
CONSUMER DISCRETIONARY								
Aristocrat Leisure	ALL	20,670	32.37	35.00	20.0	18.2	2.0%	2.2%
Crown	CWN	6,934	10.24	12.00	23.3	22.9	5.9%	5.9%
Domino's Pizza Enterprises	DMP	4,903	56.85	53.21	29.7	26.8	2.4%	2.6%
Flight Centre	FLT	3,145	31.10	47.40	17.3	13.4	4.3%	6.0%
JB Hi-Fi	JBH	4,144	36.07	31.97	16.2	15.9	4.1%	4.2%
Star Entertainment Group	SGR	3,357	3.66	4.20	13.9	14.9	5.6%	5.6%
Tabcorp Holdings	TAH	7,757	3.83	4.50	21.7	20.8	5.2%	5.5%
Wesfarmers	WES	46,034	40.60	34.43	24.3	23.5	3.3%	3.8%
CONSUMER STAPLES								
Coca-Cola Amatil	CCL	8,283	11.44	11.40	19.8	18.6	4.3%	4.3%
Coles Group	COL	19,569	14.67	17.80	21.6	20.2	3.8%	4.2%
Treasury Wine	TWE	7,876	10.94	12.80	18.0	15.6	3.6%	4.2%
Woolworths	WOW	48,721	38.63	39.70	28.3	26.6	2.6%	2.8%
ENERGY								
Beach Energy	BPT	4,037	1.77	2.49	7.0	6.6	1.1%	1.1%
Caltex Australia	CTX	7,991	32.00	34.74	22.0	15.7	2.8%	3.8%
Oil Search	OSH	5,507	5.54	3.91	15.5	13.2	2.9%	3.4%
Origin Energy	ORG	12,346	7.01	8.50	11.5	13.1	4.5%	4.7%
Santos	STO	9,546	7.03	Res	10.0	10.1	2.6%	2.8%
Whitehaven Coal	WHC	2,073	2.02	3.50	18.6	12.2	2.8%	0.0%
Woodside Petroleum	WPL	17,402	28.33	24.97	15.3	14.9	5.2%	5.4%
WorleyParsons	WOR	6,588	12.66	15.00	15.6	13.2	3.3%	3.8%
FINANCIALS								
ASX	ASX	14,409	74.43	70.00	28.6	27.7	3.1%	3.2%
AMP	AMP	5,739	1.67	2.00	10.6	11.9	0.0%	3.6%
Challenger	CGF	5,508	9.00	9.40	16.1	15.3	3.9%	3.9%
Macquarie Group	MQG	47,487	134.00	135.00	15.3	15.0	4.6%	4.7%
Magellan Financial Group	MFG	10,193	55.92	60.00	22.6	19.3	4.0%	4.6%
BANKS								
ANZ Banking Group	ANZ	69,033	24.34	26.00	11.6	10.9	6.6%	6.6%
Bank of Queensland	BOQ	3,335	7.34	8.00	11.2	11.1	6.8%	6.8%
Bendigo and Adelaide Bank	BEN	4,441	9.01	9.00	12.8	15.7	6.2%	5.5%
Commonwealth Bank Australia	CBA	142,451	80.47	77.60	17.8	16.7	5.4%	5.4%
National Australia Bank	NAB	72,122	24.47	27.90	11.8	11.1	6.8%	6.8%
Westpac	WBC	83,755	23.19	27.80	12.8	11.3	6.9%	6.9%
INSURANCE								
Insurance Australia Group	IAG	15,022	6.50	7.30	16.6	16.7	3.6%	4.7%
Medibank Private	MPL	7,684	2.79	2.80	20.2	18.6	4.4%	4.7%
NIB Holdings	NHF	2,103	4.61	4.90	16.4	15.1	4.3%	4.3%
QBE Insurance Group	QBE	11,531	13.55	10.74	15.8	12.7	3.9%	4.8%
Suncorp Group	SUN	14,148	11.22	12.00	12.8	14.4	5.0%	5.8%
HEALTH CARE								
CSL	CSL	90,574	306.11	235.80	43.4	34.8	1.1%	1.3%
Ansell	ANN	2,503	29.50	21.39	17.1	16.5	2.5%	2.7%
Cochlear	COH	12,000	207.50	230.00	43.2	38.2	1.6%	1.8%
ResMed	RMD	29,157	24.28	18.07	40.9	37.0	1.0%	1.0%
HEALTH CARE PROVIDERS & SERVICES								
Sonic Healthcare	SHL	13,696	28.83	33.20	23.9	22.1	3.1%	3.3%
Ramsay Health Care	RHC	13,790	68.24	73.00	25.3	23.8	2.3%	2.4%

	CODE	Market Cap (A$m)	Price 03-Mar-20 (A$)	Target Price (A$)	Price Earnings (x FY20	Price Earnings (x FY21	Net Yield (%) FY20	Net Yield (%) FY21
INDUSTRIALS								
Brambles	BXB	11961	11.88	8.06	22.6	20.7	2.5%	2.8%
ALS	ALQ	3,999	8.29	8.60	20.6	18.5	2.8%	3.3%
CIMIC Group Limited	CIM	7,802	24.10	38.50	9.4	9.2	6.4%	7.0%
Cleanaway Waste Management	CWY	4,739	2.31	2.30	31.6	26.0	1.7%	2.1%
Downer EDI	DOW	3,390	5.70	6.80	15.2	13.0	4.5%	5.3%
Seek	SEK	7,340	20.85	24.90	63.1	45.4	1.4%	1.8%
TRANSPORTATION & LOGISTICS								
Atlas Arteria	ALX	6,944	7.90	7.90	31.2	25.6	4.6%	5.1%
Aurizon	AZJ	9,355	4.79	5.80	17.6	16.2	5.7%	6.2%
Qantas	QAN	7916	5.31	6.50	11.1	9.2	5.0%	4.7%
Qube Holdings	QUB	4,715	2.90	2.80	38.0	37.4	2.3%	2.3%
Sydney Airport	SYD	17,378	7.69	6.90	46.9	39.3	4.9%	5.1%
Transurban	TCL	40,861	14.94	13.00	101.7	85.7	4.1%	4.4%
INFORMATION TECHNOLOGY								
Computershare	CPU	5,409	15.34	13.07	15.2	13.6	3.2%	3.6%
Link Administration	LNK	2,421	4.56	5.90	15.3	13.1	3.1%	3.7%
Xero	XRO	11,077	74.59	83.51	851.3	212.6	0.0%	0.0%
MATERIALS & PACKAGING								
Incitec Pivot	IPL	4,372	2.71	3.72	22.5	16.1	2.3%	3.2%
Amcor	AMC	15,176	14.35	10.59	14.9	13.4	4.9%	5.5%
Boral	BLD	5,217	4.45	4.70	14.7	13.6	4.3%	3.9%
James Hardie Industries	JHX	8,228	28.49	22.57	23.0	18.5	2.3%	3.2%
Orica	ORI	7,941	19.63	21.85	18.7	15.9	3.5%	4.1%
Orora	ORA	3,186	2.64	3.40	22.2	13.0	4.5%	5.3%
Reliance Worldwide	RWC	2,702	3.42	3.75	18.4	17.4	2.5%	2.8%
METALS & MINING								
Alumina	AWC	3,642	1.94	1.58	15.6	13.0	6.2%	7.2%
BHP Group	BHP	103,304	33.35	27.40	10.3	12.5	5.5%	4.0%
BlueScope Steel	BSL	5,945	11.76	15.30	15.8	9.9	1.2%	1.2%
Evolution Mining	EVN	6,937	4.07	4.30	18.9	18.1	3.6%	2.7%
Fortescue Metals Group	FMG	18,406	9.17	7.34	3.9	5.6	16.8%	11.6%
Iluka Resources	ILU	3,491	8.26	10.00	14.1	10.9	3.1%	3.3%
Newcrest Mining	NCM	13,583	27.10	21.36	15.7	20.3	1.0%	0.6%
Northern Star Resources	NST	9,739	13.16	10.30	19.5	14.1	1.4%	2.6%
OZ Minerals	OZL	2,898	8.94	8.00	48.7	15.2	2.6%	2.6%
Rio Tinto	RIO	80,351	86.27	61.50	9.4	10.6	6.3%	5.6%
South 32	S32	7,315	2.29	2.08	23.9	10.8	2.4%	3.7%
REAL ESTATE								
Charter Hall Group	CHC	5,673	12.18	13.58	18.3	21.6	2.9%	3.1%
Dexus	DXS	13,255	12.09	13.32	20.9	19.8	4.4%	4.5%
Goodman Group	GMG	27,262	14.91	15.97	25.8	23.7	2.0%	2.2%
GPT Group	GPT	11,006	5.65	6.15	17.9	17.4	4.8%	5.0%
Lend Lease	LLC	9,997	17.71	19.85	13.7	12.8	3.8%	3.9%
Mirvac Group	MGR	11,920	3.03	3.26	18.6	19.3	4.0%	4.1%
Scentre Group	SCG	17,707	3.38	4.17	14.0	13.4	6.9%	7.1%
Stockland Group	SGP	11,040	4.63	4.97	14.4	14.0	6.1%	6.2%
Vicinity Centres	VCX	8,228	2.19	2.38	13.4	13.1	6.9%	6.9%
UTILITIES								
AusNet Services	AST	6,187	1.66	1.75	24.2	25.7	6.1%	6.3%
AGL Energy	AGL	12,045	18.85	17.10	14.4	14.5	5.2%	5.2%
APA Group	APA	12,719	10.78	10.70	38.8	33.6	4.6%	4.8%
Spark Infrastructure Group	SKI	3,585	2.11	2.40	47.9	129.0	6.6%	5.7%
MARKET AVERAGE					21.9	20.2	3.9%	4.1%

AUSTRALIAN EQUITIES — JARDEN'S CURRENT SECTOR RECOMMENDATIONS

Underperform			Neutral			Outperform
ASX	AGL	APA	BHP	ALL	AMP	AMC
COL	ANZ	FMG	CBA	BXB	AZJ	DXS
MPL	OSH	IAG	COH	CPU	CSL	QBE
SUN	RIO	MGR	CTX	GMG	JHX	S32
SYD	TCL	NAB	GPT	ORG	LLC	
	TWE	NCM	MQG	QAN	SCG	
	WES	SGP	ORI	RHC	TLS	
	WOW	VCX	SHL		WBC	
					WPL	

GLOBAL INVESTMENTS — JARDEN'S CURRENT SECTOR RECOMMENDATIONS

Over the next decade many digital technologies are likely to come into their own – artificial intelligence, augmented reality, software-as-a-service and autonomous driving. For this to occur cybersecurity will be an imperative. Investment opportunities in the software space include Microsoft (MSFT.US), Oracle (ORCL.US), Intuit (INTU.US) and closer to home Xero (XRO.AU). For a broad exposure to software companies consider iShares Expanded Tech-Software Sector Fund (IGV.US).

Unmanned aerial vehicles (UAV's or drones) are set to be the most visible change. Commercially operated drones are projected to number 700,000 in the US by 2022, and 6.5 million by 2030. There will be issues to overcome – noise, safety when flying in populated areas, and drone traffic management. This will require aviation authorities to develop suitable regulations and integrate drone traffic into their aviation systems. While the payloads are likely to be small (circa 3kg) the benefits are very appealing due to the expected very low delivery cost, speed and no need for human pilots.

Potential benefits include – making critical deliveries in severe weather conditions or to remote hard to access locations, traffic monitoring, replacing couriers and delivery people (which in turn contributes to less traffic and carbon emissions), delivering parts to trades people so that jobs can be completed without the need for a special trip to the parts supplier (thus enhancing productivity, decreasing traffic and carbon emissions).

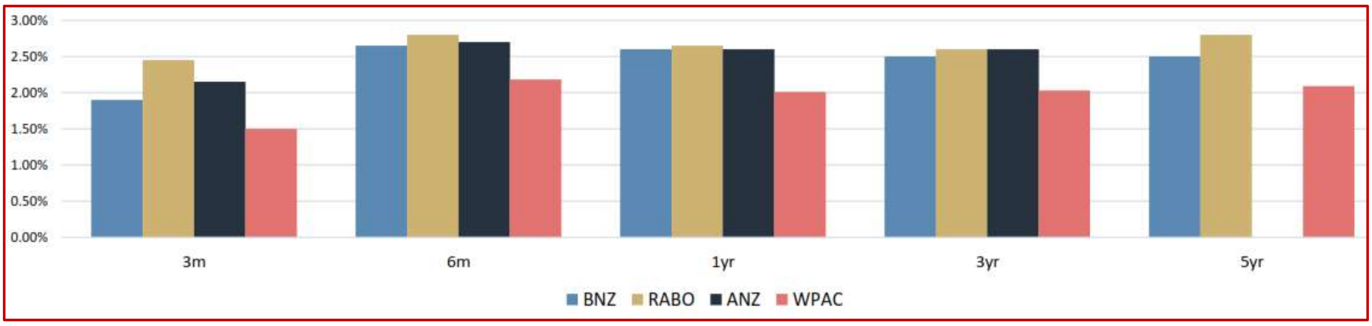
The current leaders in this technology include Amazon Prime Air (AMZN.US), Google Wing (GOOGL.US), Uber Elevate (UBER.US) and UPS (UPS.US).

Underperform			Neutral			Outperform	
Nestle	PepsiCo	Walmart	Boeing	HSBC	Visa	SAP	Royal Dutch
		AT&T	Roche	Wells Fargo	Verizon	Citigroup	Anheuser
		Cisco	Toyota Motor	Novartis	Amazon	Oracle	Alibaba
		L'Oreal	P&G	ExxonMobil	UnitedHealth	Alphabet	Chevron
		Apple	PetroChina		JPM	Disney	Facebook
					Microsoft	ABC	CCB
					Tencent	Coca-Cola	Comcast
					Intel	China Mobile	Unilever
					MasterCard	J&J	B. of America
					LVMH	ICBC	
					Home Depot		
					Samsung		

FIXED INTEREST SECONDARY MARKET – INDICATIVE ONLY *AS AT 3RD MARCH 2020*

Issuer: BBB+, BBB, BBB-	NZDX Code	Coupon (%)	Maturity Date	CPN Freq	Credit Rating	Type	Best offer Yield %	Price/ $100
GMT Bond Issuer	GMB020	6.20	16/12/2020	2	BBB+	Senior	1.47	105.02
Chorus	CNU010	4.12	6/05/2021	4	BBB	Senior	1.69	103.14
Wellington Intl Airport	WIA020	7.50	15/05/2021	2	BBB+	Senior	1.51	109.36
Kiwi Property Group Limited	KPG010	6.15	20/08/2021	2	BBB+	Senior	1.79	106.5
Z Energy	ZEL040	4.01	1/11/2021	4	BBB-(NR)	Senior	2.08	103.52
Contact Energy	CEN030	4.40	15/11/2021	4	BBB	Senior	1.50	105.09
TrustPower	TPW140	5.63	15/12/2021	4	BBB-(NR)	Senior	2.00	106.04
Precinct Properties	PCT010	5.54	17/12/2021	2	BBB+(NR)	Senior	1.95	107.46
GMT Bond Issuer	GMB030	5.00	23/06/2022	2	BBB+	Senior	1.74	108.33
Heartland Bank	HBL010	4.50	8/09/2022	4	BBB	Senior	1.96	106.15
Contact Energy	CEN040	4.63	15/11/2022	4	BBB	Senior	1.70	107.96
Meridian Energy	MEL030	4.53	14/03/2023	2	BBB+	Senior	1.59	108.54
Summerset	SUM010	4.78	11/07/2023	4	BBB-(NR)	Senior	2.10	109.37
GMT Bond Issuer	GMB050	4.00	1/09/2023	2	BBB+	Senior	1.94	106.97
Kiwi Property Group Limited	KPG020	4.00	7/09/2023	2	BBB+	Senior	2.05	106.55
Z Energy	ZEL050	4.32	1/11/2023	4	BBB-(NR)	Senior	2.20	107.83
GMT Bond Issuer	GMB040	4.54	31/05/2024	2	BBB+	Senior	1.95	111.69
Wellington Intl Airport	WIA040	4.00	5/08/2024	2	BBB+	Senior	1.85	109.41
Contact Energy	CEN050	3.55	15/08/2024	4	BBB	Senior	1.90	107.21
Z Energy	ZEL060	4.00	3/09/2024	4	BBB-(NR)	Senior	2.35	107.05
Wellington Intl Airport	WIA050	5.00	16/06/2025	2	BBB+	Senior	1.95	116.33
Meridian Energy	MEL050	4.21	27/06/2025	2	BBB+	Senior	1.91	112.38
Summerset	SUM020	4.20	24/09/2025	4	BBB-(NR)	Senior	2.45	109.9
Property for Industry	PFI020	4.25	1/10/2025	4	BBB(NR)	Senior	2.35	110.68
Argosy Property	ARG010	4.00	27/03/2026	4	BBB+(NR)	Senior	2.50	109.18
Trustpower	TPW180	3.35	29/07/2026	4	BBB-(NR)	Senior	2.35	106.26
Metlifecare	MET010	3.00	30/09/2026	4	BBB-(NR)	Senior	2.76	101.98
Argosy Property	ARG020	2.90	29/10/2026	4	BBB+(NR)	Senior	2.34	103.72
Chorus	CNU020	4.35	6/12/2028	4	BBB	Senior	2.30	116.21
Trustpower	TPW170	3.97	22/02/2029	4	BBB-(NR)	Senior	2.45	112.34
BB+, BB, BB-								
Warehouse Group	WHS020	5.30	15/06/2020	2	BB-(NR)	Senior	2.60	101.92
Infratil	IFT220	4.90	15/06/2021	4	BB(NR)	Subordinated	3.15	101.94
Infratil	IFT190	6.85	15/06/2022	4	BB(NR)	Subordinated	3.20	107.64
Infratil	IFT240	5.65	15/12/2022	4	BB(NR)	Subordinated	3.07	106.57
WEL Networks	WEL010	4.90	2/08/2023	4	BB+(NR)	Subordinated	2.85	107.08
Infratil	IFT210	5.25	15/09/2023	4	BB(NR)	Subordinated	3.23	106.44
NZ Refining	NZR010	5.10	1/03/2024	2	BB(NR)	Subordinated	4.21	103.3
Infratil	IFT230	5.50	15/06/2024	4	BB(NR)	Subordinated	3.45	107.84
Infratil	IFT260	4.75	15/12/2024	4	BB(NR)	Subordinated	3.35	105.92
Synlait Milk	SML010	3.83	17/12/2024	4	BB-(NR)	Subordinated	3.84	100.8
Infratil	IFT250	6.15	15/06/2025	4	BB(NR)	Subordinated	3.30	113.44
Infratil	IFT280	3.35	15/12/2026	4	BB(NR)	Subordinated	3.41	99.47
Infratil	IFT270	4.85	15/12/2028	4	BB(NR)	Subordinated	3.50	109.92
Infratil	IFTHC	3.50	15/12/2029	4	BB(NR)	Subordinated	3.11	103.13

BANK TERM DEPOSITS



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